

# **SECTION IV**

# **TRANSITION PLAN**



## Overview

**Purpose** The purpose of the Transition Plan is to demonstrate how the Department is moving from its current state of financial management operations, as described in the Current Environment section of this Financial Management Improvement Plan, to the target architecture of an integrated financial management system, as described in the Concept of Operations. The Department plans to achieve this through the execution of key actions. These actions are detailed in the Transition Plan and are grouped by the four parts of the integrated financial management system and their functions, as outlined at the end of this section.

**Integrated Financial Management System** There are four parts to the Department's target architecture of an integrated financial management system:

1. Finance and Accounting Systems perform core finance and accounting functions by recording the Department's payables and receivables and showing the financial impact of the Department's financial events.
2. Critical Feeder Systems perform program management functions through the acquisition, allocation, transportation, management, use, or disposal of any DoD resource. Program management functions create financial events that must be recorded in financial records.
3. Policy and Oversight encompasses the financial management policy and oversight roles and relationships of the organizations within the financial management community including:
  - financial management policy development
  - oversight, compliance definition, improvements, and reporting
  - promulgation and implementation of managerial internal controls
4. Infrastructure consists of the organizations, personnel, and internal control mechanisms required to manage and account for the Department's resources.

**System Compliance Determination Process** To facilitate the evaluation of financial management systems, the Department has established a baseline system compliance determination process. This baseline consists of six basic steps:

1. Evaluate for system-specific financial compliance requirements – Analyze legislative requirements against the functionality of the system to determine applicable system requirements.

2. Perform System Requirements Compliance Evaluation – Perform general evaluations of system against the system-specific compliance requirements to determine compliance status.
3. Evaluate Internal Controls – Evaluate compliance with management (policies), operational (procedures), and system (adequacy of audit trails, accuracy of computations, data verification, and reconciliation, etc.) internal controls.
4. Identify Gaps and Deficiencies – Compare system performance with system-specific requirements and determine deficiencies.
5. Formulate actions plans to correct deficiencies and initiate solutions – Create detailed plans, including target milestones and dates, to achieve substantial system compliance with applicable legislation and data integrity.
6. Re-Evaluate to Ensure Substantial Compliance – Validate that system deficiencies have been eliminated and the system is substantially compliant.

**Integrated  
Financial  
Management  
System Goals**

The Department identified three primary goals as a means of achieving an integrated financial management system. These goals include:

- implementing effective systems
- improving financial management framework
- reengineering business practices

**Implementing  
Effective  
Systems**

Implementing effective systems pertains to two segments of the integrated financial management system, finance and accounting systems and critical feeder systems. To implement effective systems, the Department's strategies include:

- ensuring finance and accounting and program feeder systems comply with statutory, regulatory, and audit requirements
- eliminating unnecessary systems and consolidating finance and accounting functions to a select set of migration systems
- employing technology improvements to develop standard systems
- implementing a "single-entry" structure that requires one-time data input
- ensuring systems provide accurate and timely information to internal and external stakeholders

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Reengineering Business Practices	<p>Reengineering business practices incorporates the policy and oversight segment of the integrated financial management system. To reengineer its business practices, the Department's activities are to:</p> <ul style="list-style-type: none"> <li>• analyze, revise, and implement procedures to eliminate needless or duplicative actions</li> <li>• revise regulations and procedures to simplify, standardize, and improve financial management requirements</li> <li>• improve accountability by ensuring that management controls are integrated into day-to-day operations</li> <li>• maintain an oversight structure to ensure involvement of senior leaders in the financial reform process</li> <li>• provide policies and procedures that are clear and simple, and ensure compliance with existing laws and regulations</li> <li>• strengthen the partnership with other Federal agencies</li> <li>• strengthen the partnership between the core financial management and the program financial management communities</li> </ul>
Improving Financial Management Framework	<p>Improving the financial management framework incorporates the infrastructure segment of the integrated financial management system. To improve its financial management framework, the Department's activities are to:</p> <ul style="list-style-type: none"> <li>• employ logically integrated or interfaced databases with flexible infrastructure supporting future changes</li> <li>• use modern technology to the fullest extent possible to develop flexible, streamlined processes and procedures</li> <li>• develop standard data elements within the Department and coordinate with other federal agencies to facilitate government-wide standards</li> <li>• ensure a qualified and competent DoD workforce through financial management training</li> <li>• develop a mentoring program to include professional development and active communication channels</li> <li>• safeguard information and resources against fraud, waste, abuse, and mismanagement through adequate internal controls</li> </ul>
<b>System Compliance Metrics</b>	<p>The Department intends for its financial management systems to be able to capture and produce sound financial information needed to support program management and auditable financial statements. To achieve this goal, the Department intends to measure progress toward achieving substantially compliant migratory finance, accounting, and critical feeder systems.</p>

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To achieve the target architecture of an integrated financial management system, substantially compliant systems are necessary. These metrics are directly related to correcting financial management system deficiencies with regards to:

- Federal financial management system-specific compliance requirements
- Federal accounting standards
- United States Government Standard General Ledger (U.S. SGL) at the transaction level

The Department identified four major metrics for measuring progress on achieving substantially compliant systems. Detailed metrics on cost and schedules for correcting compliance deficiencies for individual systems will be maintained by the system Program Manager. The four metrics that will be covered in the FY 00 Financial Management Improvement Plan are:

- system-specific financial compliance requirements identified
- compliance status evaluated and compliance deficiencies identified
- deficiencies corrected
- substantial compliance validated

The Department has taken the first step toward achieving substantially compliant finance, accounting, and critical feeder systems by tasking the Military Departments and Defense Agencies with evaluating their respective systems. Compliance evaluations are to be completed by March 31, 2000. The results of these evaluations will be reported the FY 00 Plan using the four compliance metrics identified above.

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#### **Y2K Like Approach**

The Department intends to develop a “Y2K like” approach for compliance implementation tracking and reporting. The “Y2K like” approach to financial management compliance will consist of a four-phase compliance tracking and reporting system. All phases will have agreed upon exit criteria. The four phases are:

- Awareness Phase: Promotes awareness across the entire financial management organization, and all levels of leadership. Leaders must know or agree that a problem exists and that the problem must be fixed. This phase includes identifying all financial management systems and designating those systems “critical” to financial management. Awareness phase exit criteria are (1) the problem must be defined, (2) all parties agree that the problem must to be fixed, and (3) all financial management systems, including feeder systems are identified.

- Evaluation Phase: Evaluates the current status of financial management systems. Identify specific internal control weaknesses and non-compliance with accounting standards for each system. Develop action plans that identify resources and milestones necessary to bring the systems into substantial compliance. A system is not allowed to exit the evaluation phase until specific problems have been identified and action plans are created.
- Renovation Phase: This phase will be different for each system depending upon the scope of the problems identified in the evaluation phase. All material problems identified in the evaluation phase must be remedied before a system can exit this phase.
- Validation Phase: Auditors or other independent parties validate that all material system problems have been remedied and that the system is substantially compliant.

To be successful, senior leadership participation in the process and common terminology is essential. For example, all parties must agree on what makes a system “critical” and which systems are “critical”.

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**Organization and Scope**

The Transition Plan contains summaries of the efforts of the individual Military Departments and the DFAS to achieve substantially compliant finance, accounting, and critical feeder systems, and ultimately the target architecture of an integrated financial management system.

Following the summaries, the Transition Plan describes the Department’s efforts in achieving substantial compliance as it relates to the four parts of the integrated financial management system. Under the finance and accounting systems, systems are classified by finance or accounting function. Critical feeder systems are classified by their respective program functions. This organization provides information on each function regarding:

- the identification of systems supporting each function
- system compliance status
- system consolidation efforts

Under the Policy and Oversight and Infrastructure sections, individual improvement initiatives describe the key activities underway to improve the Department’s financial management. Detailed descriptions for each of these improvement initiatives are included in Volume II.

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**Transition Plan Outline**      The Transition Plan is organized by the four parts of the integrated financial management system:

(1) Finance and Accounting Systems

Finance System Functions

- Civilian Pay
- Debt Management
- Military Pay
- Contract and Vendor Pay
- Disbursing
- Transportation Payment
- Travel Payment

Accounting System Functions

- Defense Working Capital Funds
- General Funds
- Foreign Military Sales
- Departmental Reporting
- Cash Accountability
- Trust Funds
- Non-Appropriated Funds

(2) Critical Feeder System Functions

- Acquisition
- Personnel
- Cost Management
- Property Management
- Inventory Management

(3) Policy and Oversight Initiatives

(4) Infrastructure Initiatives

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**Transition Plan Results**

The Military Departments and the DFAS summaries, status of each financial management and program function, and improvement initiatives provide the road map for achieving an integrated financial management system, as presented in the Concept. The system compliance metrics are intended to be used beginning with the FY 00 plan to measure the Department's progress toward achieving a substantially compliant integrated financial management system.

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## Army Status in Achieving Compliant Feeder Systems and the Integrated Financial Management System

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**Introduction** The Army fully supports efforts to achieve management reform in financial management and has assigned a high priority to this effort. The Army has identified all of its critical feeder systems. It has determined the status of CFO compliance for each critical feeder system and actions which will be taken to continue to reduce the number of systems, establish methods for converting to systems that are CFO compliant, and established methods for providing oversight and management improvements for obtaining and reporting financial information.

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**Actions Taken** Actions which have been taken to ensure accurate and timely financial information is provided to decision-makers and complies with Federal accounting standards in support of the President's goal for auditable financial statements include:

Critical Feeder Systems: An analysis has been conducted of Army feeder systems, and the actions required to bring the systems into compliance have been identified. This effort will continue with further refinement and detail through coordination with systems' managers and Army leadership and has been incorporated as a major task in the Army's Chief Financial Officers Strategic Plan.

Real Property Reporting: To meet reporting requirements for real property, the Army is moving forward with planned efforts to interface the existing real property system with the DPAS, a CFO compliant system.

General Equipment Reporting: DPAS is being implemented throughout the Army for reporting of general equipment. To facilitate the DPAS implementation effort, detailed implementation tasks have been included in the overall Army Chief Financial Officers Strategic Plan and a DPAS implementation cell has been established to represent Army management to facilitate, assist, and provide oversight in this Army effort.

Infrastructure: Detailed interfaces between feeder systems and financial systems are being identified, and progress is being made toward completion of the Global Combat Support System-Army (GCSS-A), the target property system for Army property management.

Policy and Oversight: Oversight of the Army effort to modernize systems is being tracked and provided oversight by the CFO Strategic Planning effort and existing groups such as the General Equipment Working Group for general equipment and the Real Property Integrated Process Team for real property.

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**Conclusion**

The Army is aggressively working to ensure that all its feeder systems are CFO compliant and that its information systems produce accurate, reliable, and timely information for use by Army decision-makers. All Army activities and decision-makers are kept informed of on-going efforts by implementation of an Army-wide CFO Strategic Planning effort. This initiative will ensure that personnel responsible for making required changes are aware of changes identified in order that they can be promptly addressed and that Army leadership is kept informed. The CFO Strategic Planning initiative and related CFO initiatives will help ensure the successful, timely transition of Army feeder systems and business processes to incorporate CFO requirements.

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## **DoN Status in Achieving Compliant Feeder Systems and the Integrated Financial Management System**

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**Introduction**      The DoN has fully embraced the administration's goals to provide better financial information which will enhance decision making, improve the Federal Government's stewardship of the public resources, and clearly demonstrate compliance with public laws. The DoN is further refining its financial management improvement strategy as well as taking aggressive actions to improve its financial management processes and financial management feeder systems. Specific areas of focus over the past year included major improvements in such areas as accountability and accounting for real property, personal property, and improvements in the personnel/payroll cycle by selection of a standard time and attendance system.

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**Strategy and Concept of Operations**      The DoN has initiated an overall strategy and concept of operations to achieve an unqualified audit opinion on the DoN-wide General Fund and Navy Working Capital Fund (NWCF) financial statements. This project is a two stage effort to (1) provide an independent assessment of the current status of financial management within the DoN and an analysis of the external and internal environment in which the DoN financial management operates; and (2) develop a strategic plan with specific goals, objectives, and actions to achieve an unqualified audit opinion. The project will involve a comprehensive review, analysis, and evaluation of financial management systems, and the overall structure for financial reporting, audit deficiencies, and financial management control practices.

The DoN's approach to improvements in its non-financial feeder systems environment includes a six-stage process similar to that used for the Year 2000 issue. The first step is to develop an overall awareness of the financial issues. This is followed by an assessment of where the department is positioned today. The third stage is to develop a remedy or a plan of action to improve management. Once the remedy is finalized and approved, then an implementation phase is executed. This is followed by a validation stage to ensure the remedy was achieved. Finally, a certification of the results by an outside party completes the process. Adherence to this rigorous methodology provides a means to arrive at the desired outcomes including accurate financial information, compliant financial management systems, and auditable financial statements.

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**Accounting  
System  
Consolidation**

The DFAS, in conjunction with the DoN has been working toward the standardization, consolidation, and upgrade of accounting systems supporting the DoN. Some of the Major DoN/DFAS efforts are as follows:

- Since FY 93, the DoN participated in the consolidation of General Fund accounting into the DFAS owned Standard Accounting and Reporting System (STARS). Twenty-six systems, representing the majority of appropriated funds, have been eliminated or no longer perform official accounting. The consolidation remaining and planned for FY 00 are the Military Construction appropriations, currently accounted for in the Facilities Information System (FIS 2.0), and the Foreign Military Sales appropriation accounted for in the Management Information Systems International Logistics (MISIL) system.
  - Consolidation of the Depot Maintenance and Research and Development Working Capital Fund accounting systems to the DFAS owned Defense Industrial Financial Management System (DIFMS). This will eliminate seven systems at nineteen activities.
  - Consolidation of the Public Works Centers and Facilities Engineering Service accounting systems to the DFAS owned Defense Working Capital Accounting System (DWAS). This system will be implemented at twelve activities.
  - Consolidation of the NWCF Supply Management inventory accounting systems to the Material Financial Control System (MFCS). This system replaces the financial applications in the Uniform Automated Data Processing System for Inventory Control Point and Stock Point.
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**Feeder  
Systems  
Consolidation**

The DoN is currently in the process of reviewing, evaluating, and developing plans for consolidation of feeder systems. As part of this effort, the DoN has established thirteen Non-Financial Feeder Teams led by Senior Executives or Flag level personnel. The mission is for each of the teams to review current data requirements, existing data collection systems, and processes and to look for ways to reduce duplication, increase automation, and ensure completeness. Below is a list of DoN ongoing/planned consolidations:

- The DoN is in the process of reviewing approximately 15 separate DoN Heritage Asset databases/systems with the goal of selecting one system for DoN-wide use. This single system will provide increased internal controls and customer usability as well as improving financial reporting.
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- The DoN has chosen the Navy Facilities Asset Data Base (NFADB) as its sole accounting system for Real Property. Property records will be directly reported by the NFADB and activity books will be reconciled to the NFADB. Efforts to make the NFADB CFO compliant are underway. Outside consultants are currently sampling and reviewing the database for CFO compliance.
  - The DoN has selected the DPAS, a Defense Logistics Agency system, as its primary accounting and accountability system for personal property. The U.S. Navy implementation is in process and a large number of systems will be replaced by the end of Fiscal Year (FY) 2000. The U.S. Marine Corps completed its implementation of DPAS at all sites in FY 99.
  - The DoN has chosen the Standard Labor Data Collection and Distribution Application (SLDCADA) system as its sole time and attendance system. This selection eliminates 23 time and attendance systems achieving the goal of eliminating redundant systems, increasing efficiency, and fielding a compliant system. Implementation is currently underway.
  - The DoN has initiated a comprehensive study of Operating Materials and Supplies non-financial feeder systems. A major thrust of the study will be to assess the systems currently being used to manage operating materials and supplies and identify opportunities for system consolidation and elimination.
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**Business  
Process  
Initiatives**

At the direction of the Assistant Secretary of the Navy (Financial Management & Comptroller), the Naval Audit Service (NAS) performed assessments of the internal controls and financial management compliance of several DoN activities in preparing the FY 98 Financial Statements. The goal of these assessments was to focus on all aspects of the activity processes which produce financial statements, identify potential material weaknesses in the financial management operations, which prevent the achievement of an unqualified audit opinion on the financial statements, and to detail corrective management actions, which would position the activity to receive an unqualified audit opinion. Each site, where an assessment was performed, was viewed as an independent entity responsible for submitting an annual financial statement under the Government Management Reform Act (GMRA) of 1994.

Specifically, the NAS performed assessments of the Naval Aviation Depots' NWCF and the Marine Corps' General Fund financial statements. The overall results of the assessment at these locations were that an unqualified audit opinion could not be rendered at this time.

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The DoN is currently in an analysis and evaluation phase to determine appropriate measures to be taken to correct the identified deficiencies and to implement the NAS recommendations, with a view toward sharing the lessons learned from these assessments to foster improved financial management practices at all Department activities. These improvements are needed to move the Department financial statements toward an unqualified opinion.

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**Conclusion**

The Department of the Navy's focus is to develop streamlined, compliant, and cost efficient accounting systems and non-financial feeder systems. The DoN's executive management from cross-functional areas provides direction to achieve fully integrated, useful, and compliant systems without duplication while realizing cost efficiencies.

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## Air Force Status in Achieving Compliant Feeder Systems and the Integrated Financial Management System

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**Introduction** The need for financial management reform is an urgent concern of the Air Force and its Assistant Secretary for Financial Management and Comptroller (SAF/FM). The Air Force needs financial management reform to:

- provide better financial information for commanders and managers
- improve confidence in the Air Force as a good steward of public funds
- meet the requirements of public law
- support the President's goal for auditable financial statements

There are many aspects to successful financial reform. The following sections discuss the following three key elements:

- producing auditable financial statements
  - improving compliance
  - achieving compliant critical feeder systems
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### **Producing Auditable Financial Statements**

The Department is formulating a series of implementation strategies and supporting action plans designed to accomplish the needed improvements. Required actions will continue until all necessary changes are accomplished.

In support of these implementation strategies, the Air Force has been working since May 1998 to resolve the numerous issues. Using Integrated Process Teams (IPTs), the Air Force is employing a coordinated effort with most communities to achieve auditable financial statements. The premise is that fully identifying, properly valuing, and correctly accounting for assets and related transactions will address the most significant audit issues, and thus, enable the Air Force to earn at least a qualified opinion on its financial statements. Attention has slowly been expanding to include asset-related information on changes occurring during the fiscal year because this information is expected to be necessary to prepare the three new statements now required by the OMB; the Statements of Net Cost, Budgetary Resources, and Financing.

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**Improving  
Compliance**

The Air Force must ensure it is complying with all financial laws and regulations. Air Force audit reports indicate that the Air Force is generally compliant, but note some shortcomings in the internal controls designed to ensure full compliance.

As a result, the Air Force has initiated controls designed to improve compliance with financial laws and regulations. The Air Force has established a Web-based checklist of internal controls to assist our field personnel, and plan to make compliance with internal controls part of some base level inspections. In an effort to improve the quality of receiving reports – the documents that certify that the goods and services that the Air Force purchased have been received – DFAS began returning to Air Force bases those reports that do not provide the required information. The Air Force also worked with contracting personnel to improve internal controls over remit-to-addresses, which are the addresses to which payments are made to Air Force vendors.

In another effort to improve compliance, the Air Force established the Air Force Accounting and Finance Office (AFAFO). The AFAFO is a 10-person organization located at DFAS-Denver and designed to be a liaison between the DFAS and Air Force financial services offices. A key task for the new AFAFO involves improving internal controls.

The Air Force has made significant progress in one key area of compliance, the number of open antideficiency violations. Because antideficiency cases can be violations of Federal law, the number of potential violations are one indicator of the adequacy of management. In 1995, the Air Force had 35 open antideficiency violations. By the end of FY 98, it had reduced the number of open cases to only nine.

This reduction reflects the success of Air Force early investigations, but it is also addressing other aspects of Antideficiency Act violations. Several years ago, the Air Force issued a handbook on Antideficiency Act violations aimed at reducing the incidence of violations. In 1998 the Air Force completed a Web-based training course designed to improve the quality of the investigations into potential violations.

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**Achieving  
Compliant  
Feeder  
Systems**

The Air Force is working with the DFAS to improve Air Force accounting systems. The Air Force must also ensure that critical “feeder” systems – systems that provide financial data to the accounting systems – are CFO compliant. To this end, in 1996 the Air Force initiated a three-step approach to first identify, then review, and finally fix all Air Force critical feeder systems. The Air Force began by identifying all feeder systems that provide important CFO information for financial statement reporting. Once the critical feeder systems were identified, the Air Force Audit Agency (AFAA) initiated a



project to conduct compliance assessments for each system. The assessments will assess each ongoing critical feeder system and determine if the system is compliant with all CFO and JFMIP requirements, as well GAO accounting requirements. The assessments will detail all deficiencies that must be corrected in order for the system to be considered fully compliant. Once an assessment is performed on all ongoing systems, follow-on evaluations will be scheduled to determine if all deficiencies have been corrected, thereby rendering the system substantially compliant. Systems scheduled for replacement or decommissioning will not be assessed. For all new systems AFMA will provide Management Advisory Service (MAS) to validate each new system's level of compliance. The following sections provide additional detail concerning the Air Force's plans to correct the critical feeder systems.

#### Financial Systems Information Assessment Study

The SAF/FM initiated the Financial Systems Information Assessment Study (FSIAS) to identify functional and technical interactions among financial systems serving the Air Force. This study is also intended to provide a plan to remedy any significant deficiencies. The overall objective is to create an integrated, efficient set of systems that support the Air Force business processes and financial reporting. Both DFAS and Air Force systems will be reviewed. FSIAS will be performed in two phases. Phase I will produce a baseline of information about current Air Force systems, and identify and prioritize key deficiencies. Phase II will provide a series of 18 month plans to remedy any significant deficiencies.

#### SAF/FM Review of Systems

In FY 96, the Air Force completed the multi-year project on the transfer of management responsibility for financial management systems. This effort was to review and classify various systems being used by the DFAS and the Air Force to develop financial information. Through the use of a contractor, the Air Force reviewed a total of 224 systems and provided recommendations on the type of system (accounting, mixed, and non-accounting) and on the type of FMFIA review required. The results indicated that 80 of the 224 systems contained financial data. Of these, 41 belonging to the Air Force were deemed critical, that is, having a material impact on Air Force operations.

As shown in table IV.1, 36 of the original 41 systems remain today as Air Force feeder systems to DoD financial management systems. Through research and further systems development, the Air Force has added 4 systems to the systems inventory, bringing the current feeder systems inventory to 40.

	Original	Current
Systems already replaced by a Modern System, Decommissioned, or Scheduled to be Decommissioned	6	0
Systems scheduled to be replaced by a Modern System	21	22
Systems remaining without modernization	14	14
Systems Added	0	4
<b>Total</b>	<b>41</b>	<b>40</b>

**Table IV.1 Summary of Air Force Systems Inventory**

Next, the Air Force began a new operation to evaluate its critical financial management systems pursuant to the FMFIA. The assessments were accomplished jointly by a team of Air Force accountants and auditors. The evaluations were conducted under the guidance of the CFO Act, OMB Circular A-127, "Financial Management Systems," and DoD Financial Management Regulation 7000.14-R. In addition, the application of guidance from the Federal Accounting Standards Advisory Board's "Concepts and Accounting Standards," as well as DFAS's "Federal Requirements for Financial Management Systems" were also used in the evaluations.

An assessment involves assessing each system and evaluating whether or not the system is deficient in any of the general or application controls categories required by public law or the implementing guidance provided by the OMB, the JFMIP, the GAO, and the DFAS.

Ongoing  
(Non-Legacy)  
Systems

A total of 18 of the 40 systems in the current inventory are remaining without modernization. Although these systems are considered "ongoing," all 18 systems are still required to be CFO compliant. To date, the AFMA has conducted assessments on nine of the 18 ongoing systems.

One system recently transferred from the DFAS to the Air Force was determined to be CFO compliant by an independent assessment prior to its transfer. The remaining nine systems are either currently undergoing an assessment or will have an assessment scheduled and will be completed by March 31, 2000. Once an initial assessment has been performed on all 18 ongoing systems, a follow-on audit will be scheduled to determine if the deficiencies noted during the initial assessment have been corrected.

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Replacement Systems	<p>The 22 systems scheduled for replacement will be replaced by 13 new or existing systems. Only six of these new systems are owned by the Air Force. The remaining seven systems are the responsibility of the OSD and other agencies.</p> <p>For the six new systems, which the Air Force owns, the AFAA will perform a MAS during the development phase. For the seven new systems owned by the OSD or other agencies, the Air Force has requested that the AFAA perform a MAS for the portion of the system which applies to Air Force. The auditors will assist the development teams in identifying requirements, which must be included to make the systems compliant. In addition, the auditors will participate in the testing of the new systems. Once these new systems are fully developed, the AFAA will conduct a final assessment of each new system to verify that the new system is CFO compliant.</p>
Data Compliance	<p>In addition to updating and replacing systems to achieve CFO compliance, the Air Force is working to ensure the data within the systems are “clean.” As a result, the Air Force is currently performing assessments on the data contained in many of the systems.</p>

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<b>Conclusion</b>	<p>The Air Force has been pro-active in improving its financial management procedures and systems. One of the key initiatives is the SAF/FM Systems Review Project. This effort is to review and classify various systems being used by the Air Force to provide financial information about our operations. In turn, the data from these systems leads to the formulation of the annual financial statements. The Air Force is committed to improving the integrity of their systems and the data they provide.</p> <p>To date the Air Force has identified 80 financial management systems containing financial data relevant to Air Force reporting under the CFO Act. Of these 80 systems 40 are considered critical in that they produce a material impact on Air Force operations. The Air Force is making progress in bringing these 40 systems into compliance. Some of the progress is in the form of replacing or decommissioning legacy systems. The Air Force has either decommissioned, or plans to decommission, five systems, and plans to replace 22 non-compliant legacy systems with 13 new or replacement systems. The Air Force is the owner, or responsible agency, for six of these replacement systems, and the remaining seven new replacement systems are the responsibility of the OSD, the DFAS, or other agencies. The remaining 18 systems have or will soon undergo an audit assessment to determine if the system meets CFO compliance criteria.</p>
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Once these assessments are complete, the Air Force plans to take action to resolve any non-compliant issues to bring those 18 systems into compliance. This initiative will improve the quality of Air Force data and support the Department's efforts to realize the President's goal of obtaining an unqualified audit opinion on the Government-wide financial statements.

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## **DFAS Status in Achieving Compliant Migratory Finance and Accounting Systems and the Integrated Financial Management System**

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<b>Introduction</b>	<p>Since its inception in fiscal year 1991, the DFAS has worked steadily toward ensuring that its finance and accounting systems comply with applicable Federal requirements. In 1991, the DFAS--as the primary agent responsible for the Department's overall financial and accounting reporting functions--assumed responsibility for the finance and accounting functionality of scores of systems which had been developed, operated, and maintained by the Military Departments and the Defense Agencies. These systems had, for the most part, been developed and implemented to satisfy accounting, financial management, and financial reporting functions established by the Military Departments and the Defense Agencies based upon their interpretations of high level requirements. Naturally, the systems were quite diverse and not standardized as far as data requirements and overall functions performed.</p> <p>In November 1990--only two months before the Department established the DFAS--Congress passed the CFO Act of 1990. This law established Chief Financial Officers in each of 23 Federal agencies, including the Department of Defense. The Under Secretary of Defense (Comptroller) serves as the Department's CFO. The DFAS is an organizational component of the CFO's office and is responsible for most of the Department's finance and accounting systems.</p>
<b>DFAS Finance and Accounting Systems Strategy</b>	<p>The DFAS's finance and accounting systems strategy is based upon two primary elements: eliminate or replace non-compliant systems and develop, modify, and implement systems that substantially comply with Federal financial management systems requirements.</p> <p>The DFAS has eliminated/replaced many finance and accounting systems that did not comply with applicable Federal requirements. The functions performed by these non-compliant systems (referred to as legacy systems) have been transferred to remaining systems. In certain instances, accounting functionality is resident in automated information systems that perform programmatic and other functions. For such systems, the accounting functions are being transferred to DFAS accounting systems under development or to systems that are being enhanced. The non-accounting functions will/may still be performed by the original systems. As of September 30, 1998, the DFAS eliminated or updated 109 finance systems and 89 accounting systems.</p>

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The DFAS plans to continue eliminating legacy systems and projects, and eventually will utilize 9 automated systems for finance functions and 22 automated systems for accounting and financial reporting functions.

The DFAS is developing new systems and modifying existing systems to be substantially compliant with applicable Federal requirements. The Department's financial management systems have been deficient enough that auditors have disclaimed audit opinions on the Department's annual consolidated financial statements. The DFAS's approach is to ensure that its finance and accounting systems fulfill applicable requirements.

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**Future  
Finance  
Systems  
State**

In October 1993, the Deputy Secretary of Defense issued a memorandum that called for the accelerated implementation of data standards and process improvements in the Department's financial operations. The Deputy Secretary's direction led to the DFAS's selection of finance and accounting systems to be standardized for future DoD financial management operations. The following comprise the Department's envisioned future finance systems:

Civilian Pay

Defense Civilian Pay System (DCPS)

Debt Management

Defense Debt Management System (DDMS)

Military Pay

1. Defense Joint Military Pay System (DJMS)
2. Defense Retirement and Annuitant System (DRAS)
3. Marine Corps Total Force System (MCTFS)

Contract and Vendor Pay

Defense Procurement Payment System (DPPS)

Disbursing

Defense Standard Disbursing System (DSDS)

Transportation Payment

Defense Transportation Payment System (DTRS)

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Travel PaymentDefense Travel System (DTS)

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**Future  
Accounting  
Systems State**

The DFAS has also implemented its strategy to use multiple systems for supporting the Department's general fund activities, working capital fund activities, departmental financial reporting, cash accountability, and other financial activities (such as foreign military sales and trust funds). The following accounting systems are currently planned for future use within the Department by the DFAS:

Working Capital Funds

1. Commodity Command Standard System (CCSS)
2. Columbus – Working Capital Funds System (CO-WCF)
3. Defense Industrial Financial Management System (DIFMS)
4. Defense Working Capital Accounting System (DWAS)
5. Fuels Automated System (FAS)
6. Information Services Business Area COTS (ISBA-COTS)
7. Material Financial Control System (MFCS)
8. Standard Industrial Fund System (SIFS)
9. Standard Material Accounting System (SMAS)
10. Standard Army Financial Accounting and Reporting System – Modification (STARFIARS-MOD)
11. Military Sealift Command Financial Management System (FMS)

General Funds

1. Defense Joint Accounting System (DJAS)
2. Standard Accounting and Reporting System (STARS)
3. Standard Accounting and Budget Reporting System (SABRS)
4. General Accounting and Finance System – Reengineering (GAFS-R)

Foreign Military Sales

Defense Integrated Financial System – Reengineered (DIFS-R)

Departmental Reporting

1. Defense Departmental Reporting System (DDRS)
2. Program Budget Accounting System - Funds Distribution (PBAS-FD)
3. Defense Corporate Database (DCD)

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Trust Fund Accounting

Defense Trust Fund Migration System

Cash Accountability

Defense Cash Accountability System (DCAS)

Non-Appropriated Funds AccountingNon-Appropriated Funds Migration System

---

**System  
Compliance  
Efforts and  
Future Plans**

Overall, the DFAS plans to develop and/or modify the 9 migratory finance and 22 migratory accounting systems to be substantially compliant with Federal financial management systems requirements by the end of FY 03. The majority of non-compliant legacy finance and accounting systems are to be replaced or have their financial functionality's transferred to the migratory systems by the end of FY 03. Several Defense Agencies, including the National Security Agency, the Uniformed Services University of the Health Sciences, and the Washington Area Headquarters Services, plan to continue utilizing their individual accounting systems. Those Defense Agencies that continue to utilize their own systems are responsible for ensuring that such systems substantially comply with applicable Federal financial management systems requirements.

The DFAS's current plans call for having all of the presently operational migratory finance and accounting systems modified and enhanced to be substantially compliant with applicable Federal requirements by the end of FY 03. New systems under development or to be developed, including systems based on commercial off-the-shelf and government off-the-shelf software will be developed to be substantially compliant with Federal requirements.

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## Core Financial Management Requirements and Migratory Finance and Accounting System Function Matrix

The following matrix provides a crosswalk between the financial management functions described in the Concept of Operations and the Department's financial systems described in the Transition Plan that support those functions.

CONCEPT OF OPERATIONS CORE FINANCIAL MANAGEMENT REQUIREMENTS	MIGRATORY FINANCE AND ACCOUNTING SYSTEM FUNCTIONS												
	Finance System Functions							Accounting System Functions					
	Civilian Pay	Debt Management	Military Pay	Contract & Vendor Pay	Disbursing	Transportation Payment	Travel Payment	Working Capital Fund	General Fund	Foreign Military Sales	Departmental Reporting	Trust Funds Accounting*	Non-Appropriated Funds Accounting*
Transaction Processing Functions													
Receivables/ Collections – Debt Management		✓	✓	✓		✓		✓	✓				
Payables – Vendor, Contract, Disbursements			✓	✓	✓	✓	✓	✓	✓				
Payroll – Civilian, Military	✓		✓										
Accounting and Reporting Functions													
Property Accounting								✓	✓				
Inventory Accounting								✓	✓				
General Ledger								✓	✓	✓	✓		
Funds Control								✓	✓	✓	✓		
Cost Accounting								✓	✓	✓	✓		
Cash Management								✓	✓	✓	✓		

\* Note: Trust Fund Accounting and Non-Appropriated Funds Accounting are to be determined

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## Finance and Accounting Systems

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**Introduction** The purpose of this section of the Transition Plan is to summarize the efforts the Department is taking to improve its finance and accounting systems.

The Department's finance and accounting systems are required to process finance and accounting transactions and report on the Department's financial status. These systems comprise the part of the integrated financial management system that performs the following functions:

Finance System Functions

- Civilian Pay
- Debt Management
- Military Pay
- Contract and Vendor Pay
- Disbursing
- Transportation Payment
- Travel Payment

Accounting System Functions

- Working Capital Fund
- General Fund
- Foreign Military Sales
- Departmental Reporting
- Trust Funds Accounting
- Non-Appropriated Funds Accounting

The major deficiencies of the finance and accounting systems generally apply to most of the systems. The deficiencies that must be addressed by the Department's system corrective actions include:

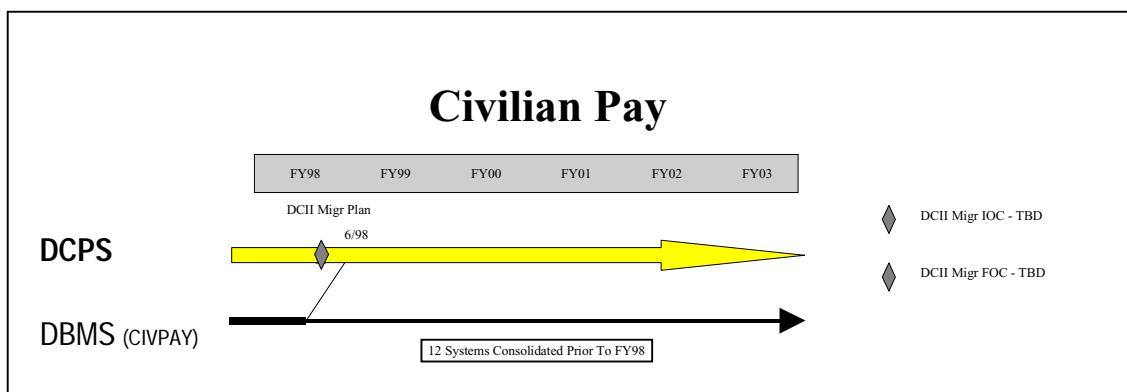
- non-standard data
- non-integrated databases
- disbursements recording and reconciliation
- non-flexible systems
- cash verification and reconciliation
- undocumented audit trails
- future liabilities recognition
- use of a single, standard, transaction-driven, double entry general ledger

Legacy finance and accounting systems currently owned by the Military Departments and the Defense Agencies have also been identified. Because the Department intends to consolidate the finance and/or accounting functions of these systems into other substantially compliant systems, compliance evaluations of legacy systems will not be performed.

---

## Civilian Pay

<b>Description</b>	Systems supporting the civilian pay function perform the compensation and benefit activity for civilian employees. Time and attendance data resulting from personnel functions and systems that include information, such as address and tax changes, are provided by the Military Departments and the Defense Agencies' feeder systems.
<b>Finance System</b>	The Defense Civilian Pay System (DCPS) is the designated DFAS migratory finance system for civilian pay.
<b>Compliance Status</b>	The compliance status of the DCPS has not been determined. Projected date for determining its compliance status is March 31, 2000.
<b>Consolidation Status</b>	<p>The DCPS consolidates the civilian pay function of the Defense Business Management System (DBMS).</p> <p>As show in figure IV.1, the civilian pay function of the DBMS was consolidated into the DCPS in May of 1998. However, the DBMS will continue to perform its accounting functions.</p>



**Figure IV.1 Civilian Pay Consolidation Timeline**

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## Debt Management

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**Description** Systems supporting the debt management function perform activities associated with billing, tracking, and collecting funds that are owed to the Department. Debt management for military, travel, or contractor pay is considered a receivable.

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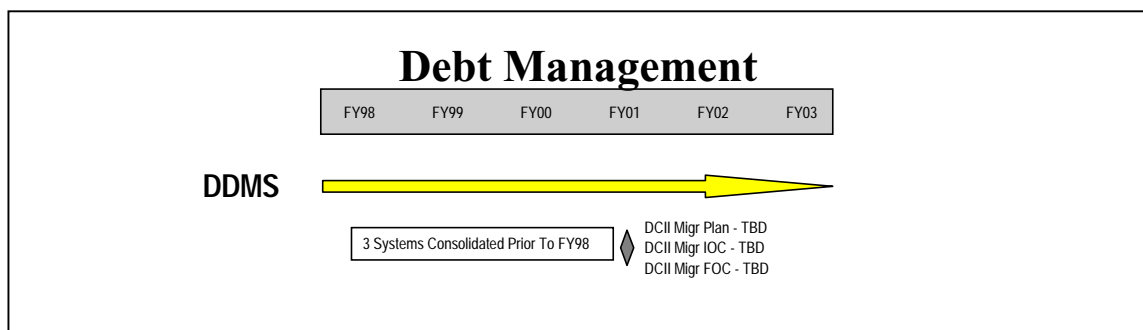
**Finance System** The Defense Debt Management System (DDMS) is the designated DFAS migratory finance system for debt management.

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**Compliance Status** The DDMS has been determined to be substantially compliant.

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**Consolidation Status** As shown in Figure IV.2, prior to FY 98, three systems were consolidated into the DDMS. Currently there are three DCII migration plans for the DDMS, whose target dates are yet to be determined.



**Figure IV.2 Debt Management Consolidation Timeline**

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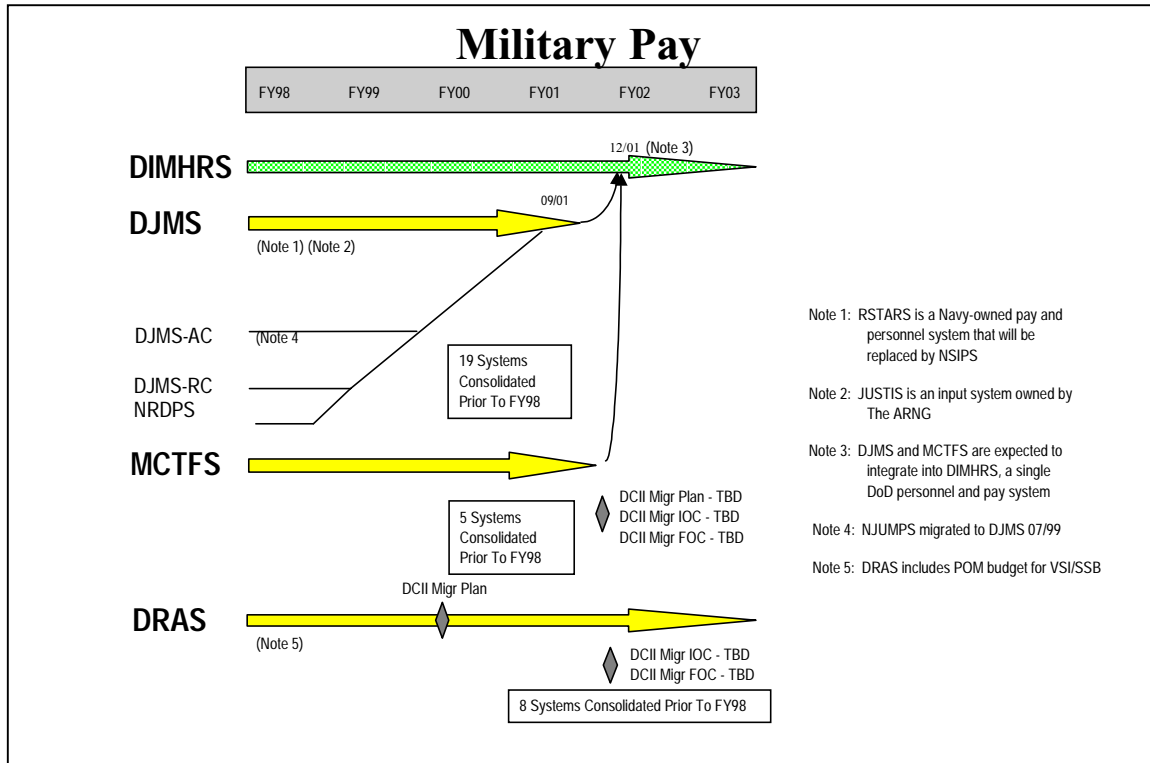
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## Military Pay

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<b>Description</b>	<p>Systems supporting the military payroll function perform the compensation and benefit function for Active and Reserve Components. Time and attendance and retired and annuitant data resulting from personnel functions and systems that include information, such as address and tax changes, are supplied by the Military Departments and the Defense Agencies.</p>
<b>Finance Systems</b>	<p>The following systems are the designated DFAS migratory finance systems for military pay:</p> <ul style="list-style-type: none"> <li>• Defense Joint Military Pay System (DJMS)</li> <li>• Defense Retirement and Annuitant System (DRAS)</li> <li>• Marine Corps Total Force System (MCTFS)</li> </ul> <p>A future system that will perform the military pay function is OUSD(P&amp;R) Defense Integrated Military Human Resources System (DIMHRS).</p>
<b>Compliance Status</b>	<p>The DRAS and the MCTFS have been determined to be substantially compliant. The DJMS compliance status has not been determined. Projected date for determining its compliance status is March 31, 2000.</p> <p>The DIMHRS is being designed to meet compliance requirements.</p>
<b>Consolidation Status</b>	<p>As shown in Figure IV.3, prior to FY 98, 22 military pay systems were consolidated into the DJMS and the MCTFS. The DJMS and the MCTFS are expected to integrate into the DIMHRS by FY 04 making the DIMHRS the single DoD military personnel and pay system. The DRAS will continue indefinitely and perform the payment function for military retirees and annuitants.</p>

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**Figure IV.3 Military Pay Consolidation Timeline**

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## Contract and Vendor Pay

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<b>Description</b>	The contract and vendor pay system computes, prepares, and controls entitlements for goods or services rendered by contractors and other vendors external to the Department.
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<b>Finance System</b>	The Defense Procurement Payment System (DPPS) is the DFAS designated contract and vendor pay migratory finance system.
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<b>Compliance Status</b>	DPPS is a COTS application compliant with the FMSS. Upgrades will be tested for compliance prior to deployment to the first prototype site in July 2000.
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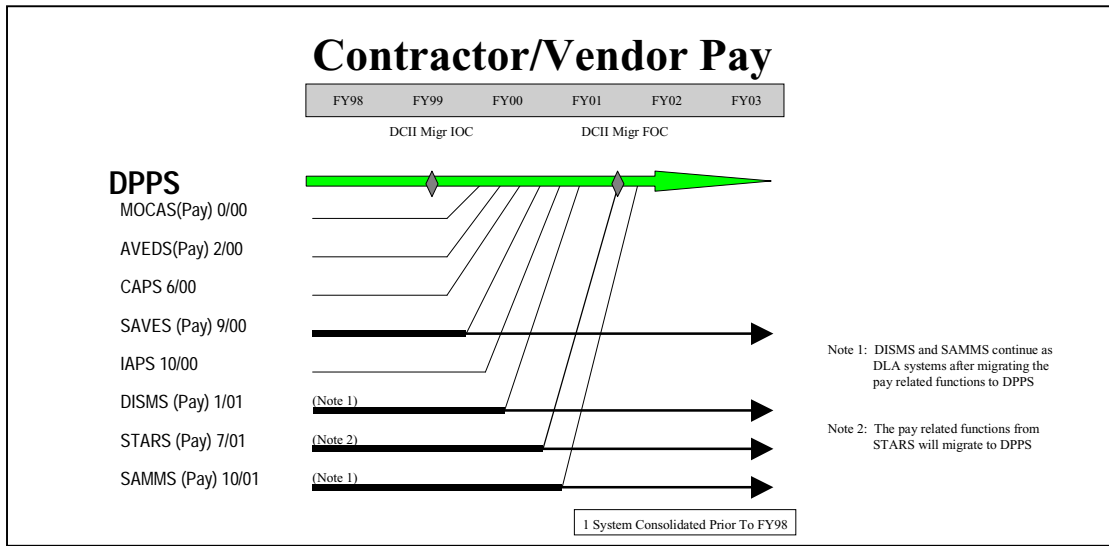
<b>Consolidation Status</b>	Contract and vendor pay legacy systems being consolidated by the DPPS are:
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- Computerized Accounts Payable System (CAPS)
- Integrated Accounts Payable System (IAPS)
- Mechanization of Contract Administration Services (MOCAS)
- Automated Voucher Examination Disbursing System (AVEDS)

The contractor and vendor pay related functions of the following systems will migrate to DPPS:

- Standard Automated Voucher Examination System (SAVES)
- Defense Integrated Subsistence Management System (DISMS)
- Standard Automated Material Management System (SAMMS)
- Standard Accounting and Reporting System (STARS) One Pay

As shown in Figure IV.4, by FY 02, four contractor and vendor pay systems and the pay functions from four systems will be consolidated into the DPPS. Once completed, the DPPS will be the single DoD contractor and vendor pay migratory DFAS finance system.



**Figure IV.4 Contractor/ Vendor Payment Consolidation Timeline**



## Disbursing

**Description** Systems supporting the disbursing function perform activities associated with establishing an obligation of funds (accounts payable) and disbursing funds for goods or services rendered.

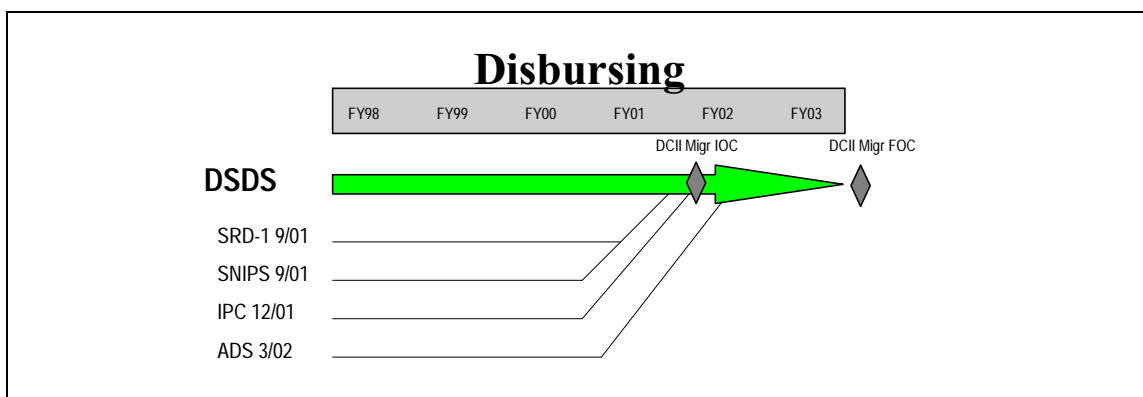
**Finance System** The Defense Standard Disbursing System (DSDS) is the designated DFAS disbursing migratory finance system.

**Compliance Status** The compliance status of the DSDS has not been determined. Projected date for determining its compliance status is March 31, 2000.

**Consolidation Status** The legacy systems being consolidated by the DSDS are:

- Automated Disbursing System (ADS)
- Integrated Paying and Collection System (IPC)
- Standard Finance System Redesign Subsystem-1 (SRD-1)
- Standard Negotiable Instrument Processing System (SNIPS)

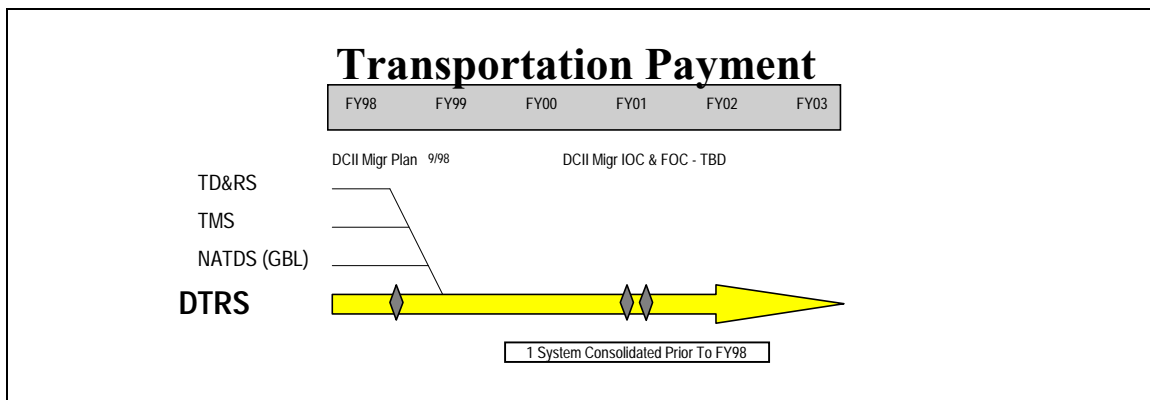
As shown in Figure IV.5, the DSDS will consolidate 4 legacy systems. Once completed, the DSDS will be the single migratory DFAS finance system to perform the disbursing function for the Department.



**Figure IV.5 Disbursing Consolidation Timeline**

## Transportation Payment

<b>Description</b>	The system that supports the transportation payment function performs activities associated with establishing an obligation of funds, accounts payable, and disbursing funds for services rendered.
<b>Finance Systems</b>	The Defense Transportation Payment System (DTRS) is the designated DFAS transportation payment migratory finance system.
<b>Compliance Status</b>	The compliance status of the DTRS has not been determined. Projected date for determining its compliance status is March 31, 2000.
<b>Consolidation Status</b>	As shown in Figure IV.6, three systems were consolidated into the DTRS in FY 98. Once completed, the DTRS will be the DFAS migratory finance system for transportation payment for the Department.



**Figure IV.6 Transportation Payment Consolidation Timeline**

## Travel Payment

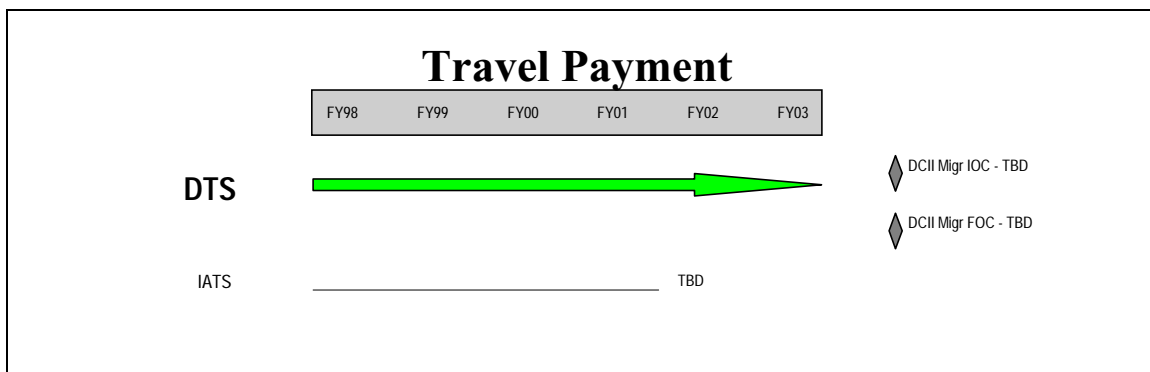
**Description** Systems supporting the travel payment function perform activities associated with establishing an obligation of funds (accounts payable) and disbursing funds for goods or services rendered.

**Finance System** The Defense Travel System (DTS) is the designated DFAS migratory finance system for travel payment.

**Compliance Status** The DTS is currently under development.

**Consolidation Status** As shown in Figure IV.7, the DTS will consolidate the following legacy system:

- Integrated Automated Travel System (IATS)



**Figure IV.7 Travel Payment Consolidation Timeline**

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## Defense Working Capital Funds

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<b>Description</b>	Systems supporting the Defense working capital funds perform activities that provide cost visibility and accountability.
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<b>Accounting Systems</b>	The following 11 systems are the designated DFAS working capital funds migratory accounting systems:
---------------------------	--

- Standard Material Accounting System (SMAS)
- Columbus Working Capital Funds (CO-WCF)
- Standard Army Financial Accounting and Reporting System – Modification (STARFIARS-MOD)
- Military Sealift Command Financial Management System (FMS)
- Defense Working Capital Accounting System (DWAS)
- Standard Industrial Fund System (SIFS)
- Material Financial Control System (MFCS)
- Defense Industrial Financial Management System (DIFMS)
- Fuels Automated System (FAS)
- Commodity Command Standard System (CCSS)
- Information Services Business Area COTS (ISBA-COTS)

In addition to the DFAS migratory systems, one system, the DITCO Accounting Information System (DAIS) also performs working capital funds accounting functions and is not scheduled to be consolidated.

---

<b>Compliance Status</b>	Of the 11 migratory systems reported on for the working capital funds function:
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- six systems (CCSS, DIFMS, MFCS, SIFS, SMAS, and STARFIARS-MOD) have been determined to be partially compliant
- four systems (FAS, CO-WCF, ISBA-COTS, and FMS) are new systems that are being developed as compliant
- one system (DWAS) has been determined to be compliant

The compliance status of DAIS has not been determined.

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**Consolidation  
Status**

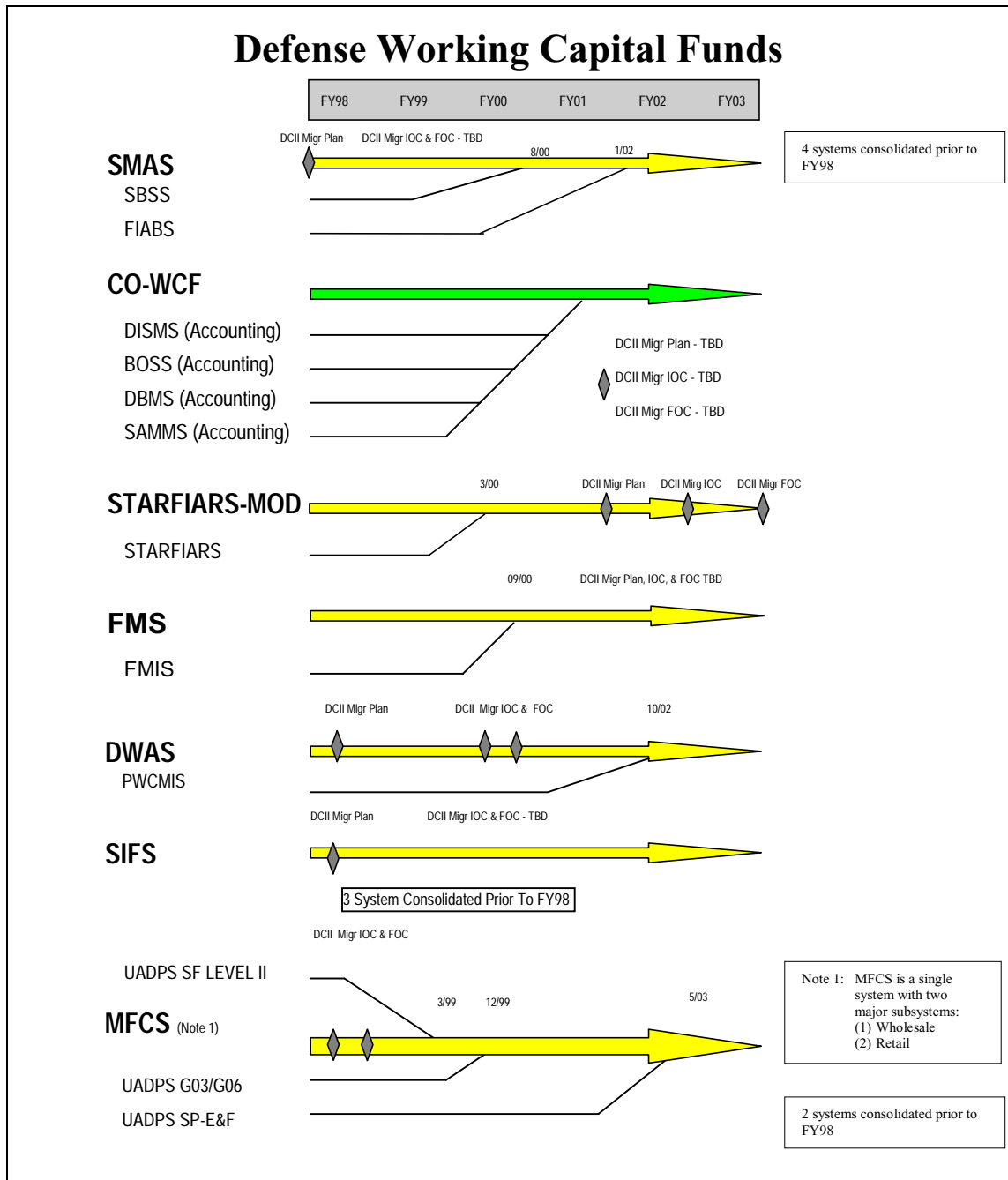
The following three legacy systems were consolidated in FY 99:

- NSWG Dahlgren Financial Management System (NSWC/DDFMS) 1/99
- Automated Financial Management Information System (AFMIS) 3/99
- Uniform Automated Data Processing System Level II Stock Fund (UADPS Level II SF) 3/99

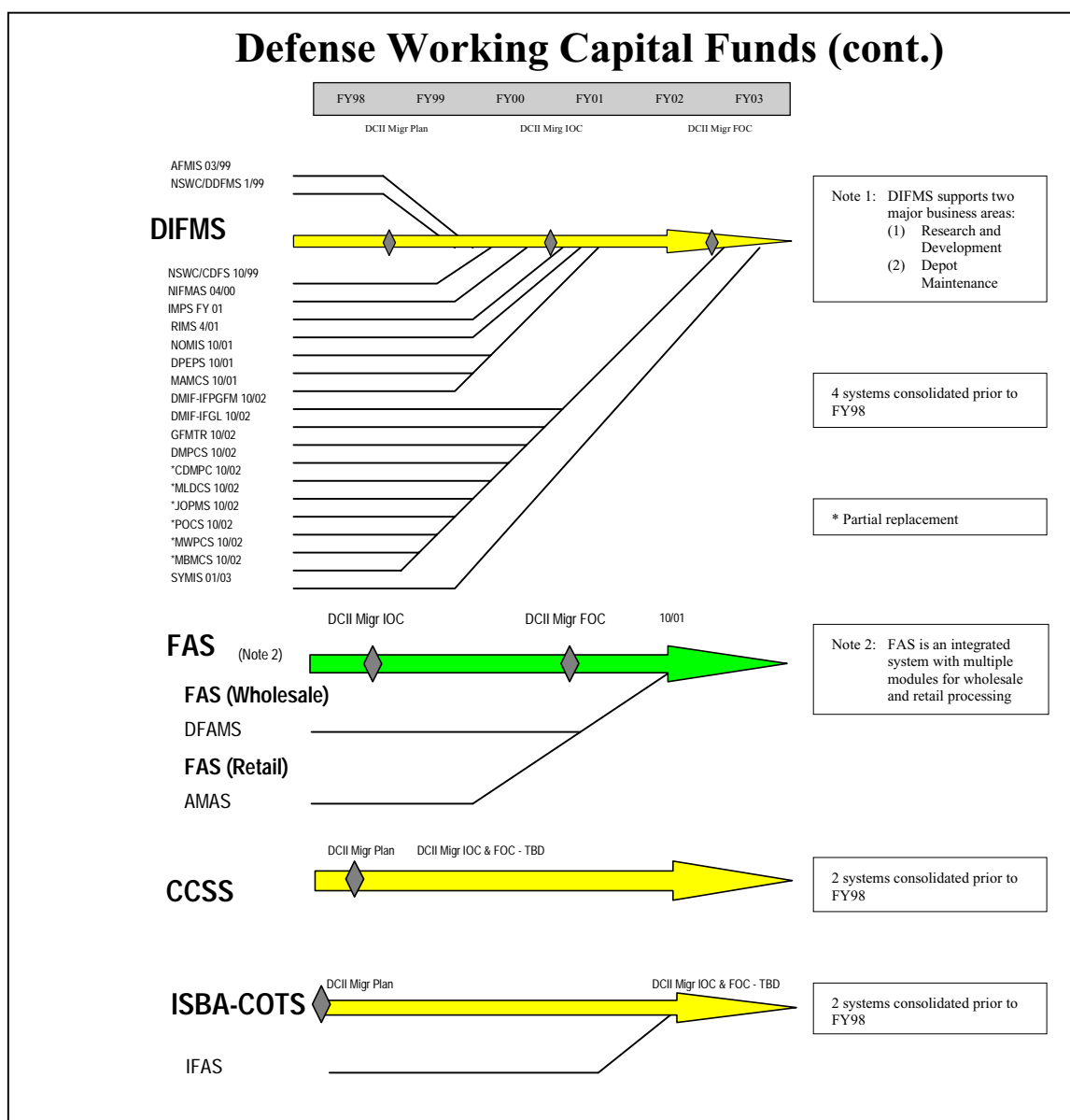
The following 26 legacy systems are being consolidated by the designated DFAS migratory systems:

- Real Time Information Management System (RIMS )
- Naval Ordnance Management Information System (NOMIS)
- NSWG Carderock Division Financial Subsystem (NSWC/CDFS)
- Navy Industrial Fund Financial Management Accounting System (NIFMAS)
- Accounting System for Industrial Procurement of Government Furnished Material (DMIF-IFPGFM)
- Air Force Industrial Funds General Ledger System (DMIF-IFGL)
- DM Equipment Program System (DPEPS)
- Depot Maintenance Production Cost System (DMPCS)
- Government Furnished Material and End Item Transaction Reporting System (GFMTR)
- Maintenance Actual Material Cost System (MAMCS)
- Shipyards Management Information System (SYMIS)
- Public Works Center Management Information System (PWCNIS)
- NAVSUP Uniform Automated Inventory Control Points, Integrated Disbursing G03/G06 (UADPS G03/G06)
- Uniform Automated Data Processing System Stock Point Applications E&F (UADPS SP-E&F)
- Military Sealift Command (MSC) Financial Management Information System (FMIS)
- Defense Fuels Automated Management System (DFAMS)
- Avfuel Management and Accounting System (AMAS)
- Standard Base Supply System (SBSS)
- Financial Inventory Accounting and Billing System (FIABS)
- Standard Army Financial Inventory Accounting and Reporting System (STARFIARS)
- Naval Research Laboratory Integrated Management/Processing System (IMPS)
- Defense Business Management System (DBMS)
- Base Operations Support System (BOSS)
- Defense Integrated Subsistences Management System (DISMS)
- Standard Automated Material Management System (SAMMS)
- Industrial Fund Accounting System (IFAS)

As shown in Figures IV.8 – IV.9, three systems were consolidated in FY 99 and 21 systems are scheduled to be consolidated by FY 03.



**Figure IV.8 Defense Working Capital Funds Consolidation Timeline**



**Figure IV.9 Defense Working Capital Funds Consolidation Timeline (cont.)**

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## General Funds

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**Description**      Systems supporting the general funds accounting function support the management of funds appropriated by the Congress to perform the DoD mission. Funding is generally managed by the activity performed -- managers track the availability of funding to support the acquisition of supplies and services required to perform the mission.

---

**Accounting Systems**      The following four systems are the designated DFAS general funds migratory accounting systems:

- Standard Accounting and Reporting System (STARS)
- Standard Accounting and Budget Reporting System (SABRS)
- General Accounting and Finance System – Reengineered (GAFS-R)
- Defense Joint Accounting System (DJAS)

The following five systems currently perform general funds accounting functions and are not scheduled to be consolidated:

- General Accounting & Reporting System (GAC)
  - Corps of Engineer Financial Management System (CEFMS)
  - Daily Orders, Ledger, and Finance System (DOLFINS)
  - Resource Accounting Management System (RAMS)
  - Washington Headquarters Service Allotment Accounting System (WAAS)
- 

**Compliance Status**      Of the four DFAS migratory general funds systems:

- one system (DJAS) has been determined to be compliant
- two systems (STARS and SABRS) have been determined to be partially compliant
- one system (GAFS-R) is a new system that is being developed compliant



Of the remaining five general funds systems:

- one system (CEFMS) have been determined to be compliant
- one system (DOLFINS) has been determined to be non-compliant
- two systems (GAC and RAMS) compliance status has not been determined
- one system (WAAS) has been determined partially compliant

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**Consolidation  
Status**

The following 14 legacy systems are being consolidated by the designated DFAS migratory systems:

- General Accounting and Finance System – Legacy (GAFS)
- Central Procurement Accounting System (CPAS)
- State Accounting and Budget Expenditure Reservation System (SABERS)
- Standard Accounting and Maintenance Army Research and Development System (SOMARDS)
- Standard Finance System (STANFINS)
- Management Information System for International Logistics (MISIL)
- Student Training Analysis and Tracking Information System (STATIS)
- Marine Corps Unified Material Management System (MUMMS)
- Centralized Integrated System for International Logistics (CISIL)
- Security Assistance Automated Management Support System (SAAMSS)
- Military Traffic Management Command Financial Management System (MTMC-FMS)
- Financial Information System 2.0 (FIS)
- Case Management Control System (CMCS)
- Security Assistance Management Information System (SAMIS)

The consolidation status for the following two legacy systems has not been determined:

- College and University Financial System (CUFS)
- Centralized Accounting and Financial Resources System (CAFRMS)

As shown in Figures IV. 10, the 14 systems are scheduled to be consolidated by FY 03.

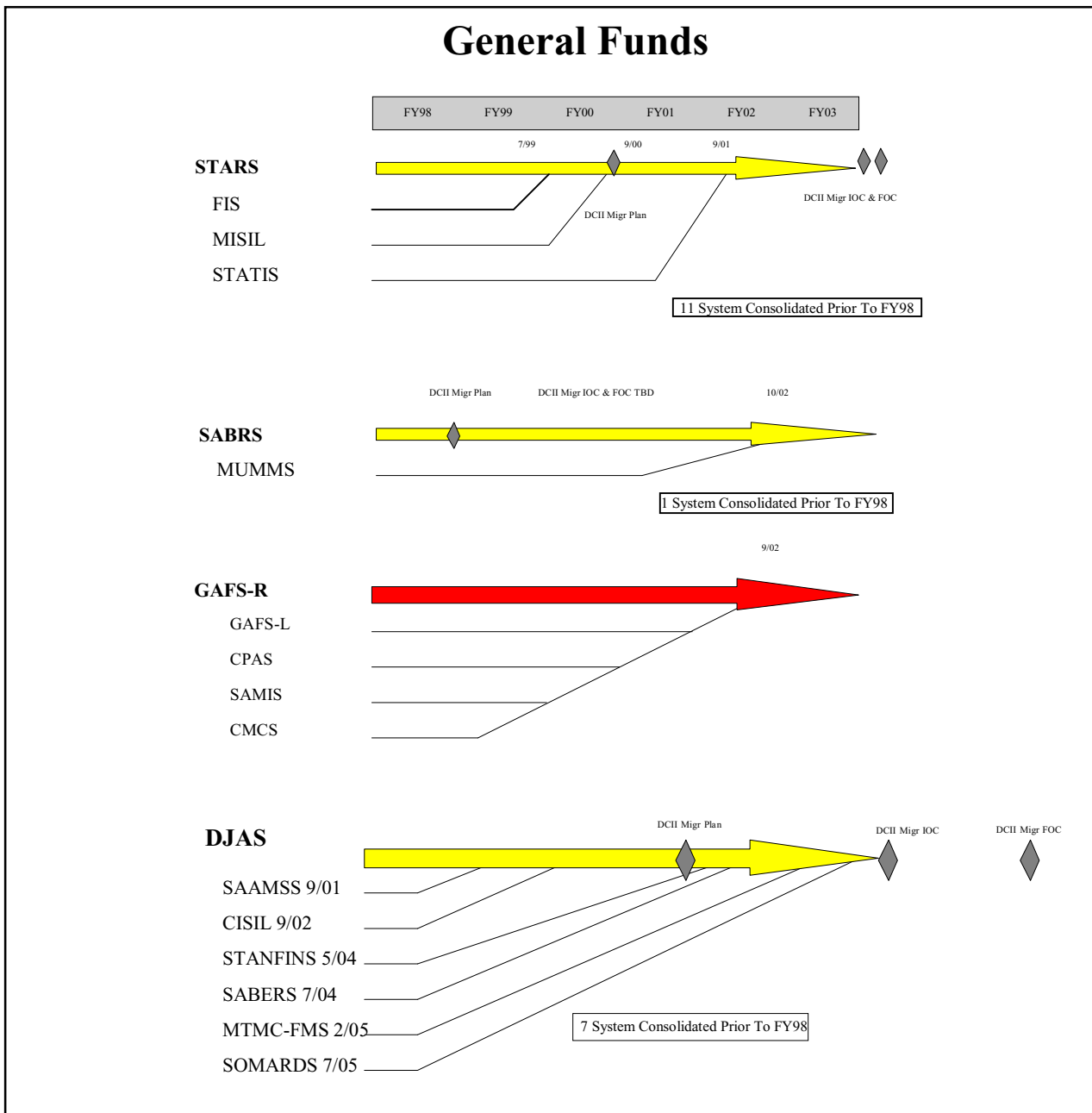
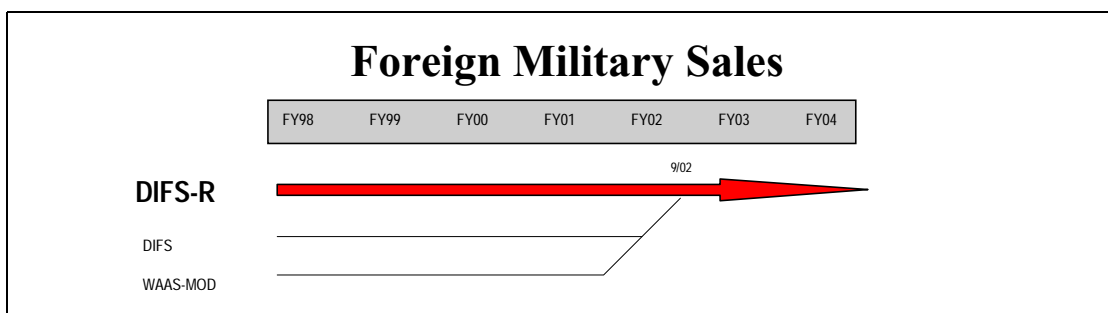


Figure IV.10 General Funds Consolidation Timeline

## Foreign Military Sales

<b>Description</b>	Systems that support the foreign military sales accounting function provide accounting support to activities that sell military equipment, weapons, and training to foreign governments based on agreements with the United States.
<b>Accounting System</b>	The Defense Integrated Finance System – Reengineering (DIFS-R) is the designated DFAS foreign military sales migratory accounting system.
<b>Compliance Status</b>	The DFAS migratory system DIFS-R is a new system that is being developed to meet compliance requirements.
<b>Consolidation Status</b>	<p>As shown in Figure IV.11, the following two systems will be consolidated into DIFS-R. Once completed, DIFS-R will be the DFAS migratory accounting system for foreign military sales for the Department.</p> <ul style="list-style-type: none"> <li>• Washington Headquarters Service Allotment Accounting System – Modification (WAAS-MOD)</li> <li>• Defense Integrated Finance System (DIFS)</li> </ul>



**Figure IV.11 Foreign Military Sales Consolidation Timeline**

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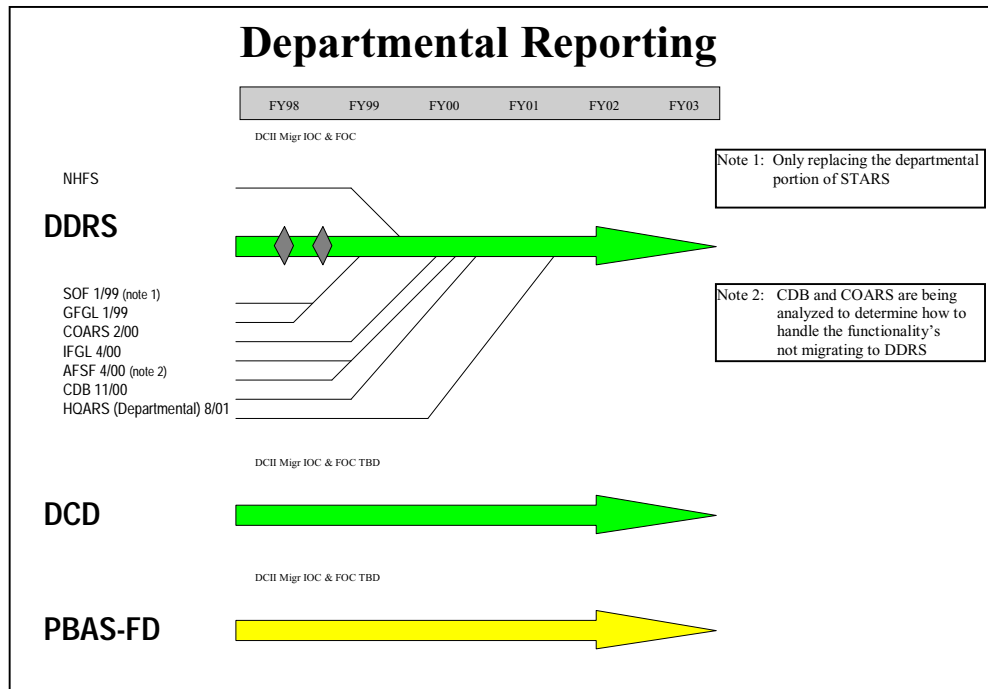
## Departmental Reporting

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<b>Description</b>	Systems performing the departmental reporting function consolidate budget execution, expenditure and general ledger information from the DWCF, and the general fund accounting systems to produce fiduciary and managerial reports for the Treasury, the OSD, the OMB, the Military Departments, the Defense Agencies and other Federal agencies.
<b>Accounting System</b>	<p>The following three systems are the designated DFAS departmental reporting migratory accounting systems:</p> <ul style="list-style-type: none"> <li>• Defense Departmental Reporting System (DDRS)</li> <li>• Defense Corporate Database (DCD)</li> <li>• Program Budget Accounting Systems – Funds Distribution (PBAS-FD)</li> </ul>
<b>Compliance Status</b>	<p>The DDRS and the DCD are new systems being developed to meet compliance requirements.</p> <p>The PBAS-FD has been determined substantially compliant.</p>
<b>Consolidation Status</b>	<p>One legacy system, the Navy Headquarters Financial System (NHFS), was consolidated by DDRS in FY 99.</p> <p>The following seven legacy systems are being consolidated by the designated migratory systems:</p> <ul style="list-style-type: none"> <li>• Status of Funds System (SOF)</li> <li>• General Funds General Ledger (GFGL)</li> <li>• Command On-Line Accounting and Reporting System (COARS)</li> <li>• Industrial Funds General Ledger (IFGL)</li> <li>• Air Force Status Funds Accounting and Reporting System (AFSF)</li> <li>• Defense Business Operations Fund Central Database Accounting System (CDB)</li> <li>• Headquarters Accounting and Reporting System (HQARS)</li> </ul>

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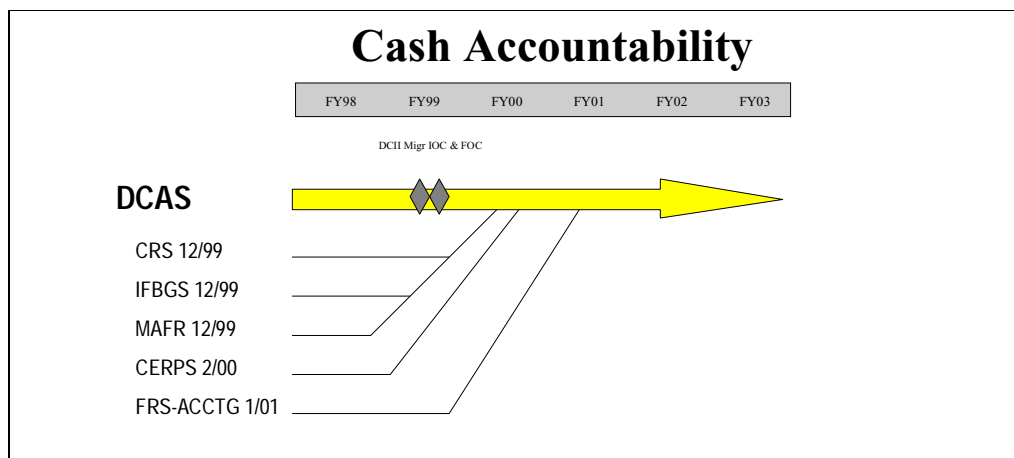
As shown in Figure IV.12, one system was consolidated into DDRS in FY 99 and seven systems will be consolidated by FY 03.



**Figure IV.12 Departmental Reporting Consolidation Timeline**

## Cash Accountability

<b>Description</b>	Systems supporting the cash accountability accounting function support the management of funds appropriated by the Congress to perform the DoD mission. Funding is generally managed by the activity performed -- managers track the availability of funding to support the acquisition of supplies and services required to perform the mission.
<b>Accounting Systems</b>	The Defense Cash Accountability System (DCAS) has been designated as the DFAS cash accountability migratory accounting system.
<b>Compliance Status</b>	The compliance status of the DCAS has not been determined.
<b>Consolidation Status</b>	<p>As shown in Figure IV.13, the following five legacy systems will be consolidated:</p> <ul style="list-style-type: none"> <li>• Central Expenditure Reporting Pay System (CERPS)</li> <li>• Financial Reporting System-Accounting (FRS-ACCTG)</li> <li>• Inter-Departmental Fund Billing Group System (IFBGS)</li> <li>• Merged Accountability and Fund Reporting (MAFR)</li> <li>• Cash Reconciliation System (CRS)</li> </ul>



**Figure IV.13 Cash Accountability Consolidation Timeline**

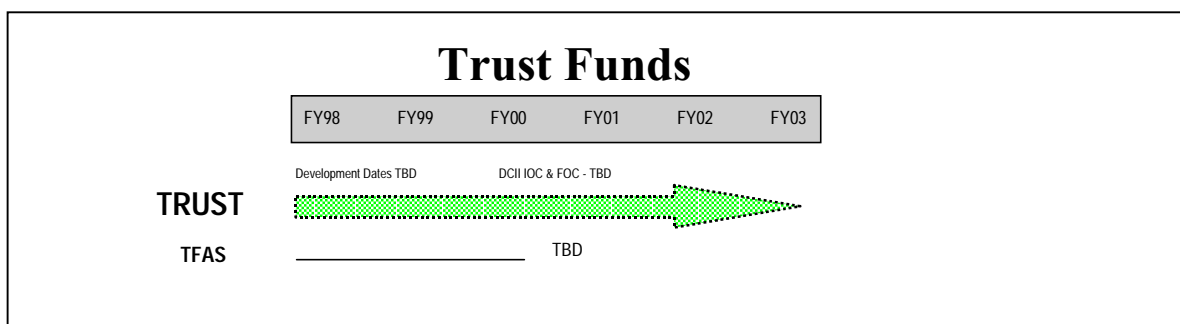
## Trust Funds

**Description** Systems supporting the trust fund accounting function account for receipts that are held in trust for use in carrying out specific purposes and programs in accordance with an agreement or statute. Each trust fund is considered unique, based on the special provisions in the trust agreement or the enabling legislation.

**Accounting Systems** The Defense Trust Fund Accounting Migration System has not been identified.

**Trust Funds Consolidation Status** The yet to be determined migratory DFAS trust fund accounting system will be designed to meet the compliance regulations.

The Trust Fund Accounting System (TFAS) is a legacy system which will be consolidated at a future date.



**Figure IV.14 Trust Funds Consolidation Timeline**

## Non-Appropriated Funds

### Functional Description

Non-Appropriated Funds (NAF) are funds that are not appropriated by the U.S. Congress. The NAF come primarily from the sale of goods and services to DoD military and civilian personnel and their family members, and are used to support Morale, Welfare, and Recreation, and billeting and certain religious and educational programs. The NAF are government funds used for the collective benefit of military personnel, their family members, and authorized civilians. These funds are separate and apart from funds that are recorded in the books of the U.S. Treasury.

### Migratory Accounting Systems

The Defense Nonappropriated Funds Migration System has not been identified

### Non-appropriated Funds Consolidation Status

The yet to be determined migratory DFAS trust fund accounting system will be designed to meet the compliance regulations.

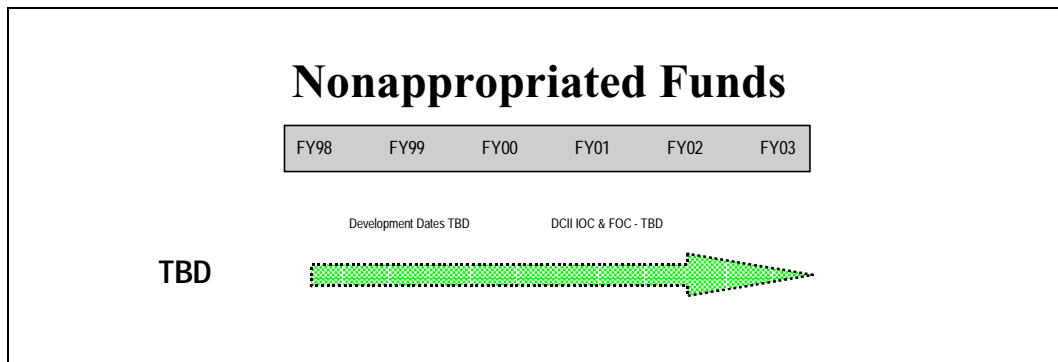


Figure IV.15 Nonappropriated Funds Timeline



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## Critical Feeder Systems

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**Introduction** In the targeted integrated financial management system environment, critical feeder systems will provide auditable financial transaction data to the finance and accounting systems. The critical feeder systems comprise the part of the integrated financial management system described in the Concept of Operations that performs the following program management functions:

- Acquisition
  - Personnel
  - Cost Management
  - Property Management
  - Inventory Management
- 

**General Deficiencies of Critical Feeder Systems** The major deficiencies of the critical feeder systems generally apply to most of the systems. The deficiencies that must be addressed by the Department's system corrective actions include:

- inadequate valuation, reporting, and accounting of property, equipment, inventory, and supplies
  - unreconciled physical inventory levels and financial statements
  - undocumented audit trails
  - non-integrated databases
  - transactions are not properly accounted for
- 

Legacy critical feeder systems currently owned by the Military Departments and the Defense Agencies have also been identified. Because many of these systems are scheduled to be consolidated into compliant feeder systems, these legacy systems will not be evaluated for compliance.

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## Acquisition

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**Description**      The acquisition function obtains goods or services required to support DoD programs. Acquisition information is collected throughout all phases of contracting (i.e. selection, writing, administration, payment, reconciliation, and close-out). Acquisition events that occur must be translated into financial events necessary to perform the accounts payable functions. Accounts payable and disbursements cannot be accurately made without the necessary feeder system data from acquisition systems.

---

**Critical Acquisition Feeder Systems**      The following 12 systems are the Department's critical acquisition feeder systems:

- Acquisition and Due-In System (ADIS)
- Acquisition Management Information System (AMIS)
- Automated Business Services System (ABSS)
- Base Contracting Automated System (BCAS)
- Commodity Command Standard System – Logistics (CCSS-L)
- Commercial Operations Integrated System (COINS)
- Create On-Line Procurement System (COPS)
- Headquarters Application System (HAS)
- Procurement Automated Data and Document System (PADDS)
- Procurement Request Information System (PRISM)
- Standard Army Automated Contracting System (SAACONS)
- Standard Depot System (SDS)

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**Compliance Status**      Of the 12 critical systems performing acquisition functions:

- one system has been determined to be compliant
- three systems' compliance status has not been determined (the projected date for determining their compliance status is 03/00)
- eight systems have been classified as legacy systems and will not undergo a compliance assessment

---

The Army has 6 of the 12 critical systems:

- one system (PADDS) is compliant
- five systems (CCSS-L, COPS, HAS, SAACONS, and SDS) are legacy systems with their functions scheduled to be consolidated by the Wholesale Logistics Modernization Program (WLMP)

The Air Force has 5 of the 12 systems:

- three systems' (ABSS, ADIS, and COINS) compliance status has not been determined
- two of the systems (AMIS and BCAS) are legacy systems and are scheduled to have their functions consolidated by the SPS

The National Imagery and Mapping Agency (NIMA) has 1 of the 12 systems. This system (PRISM) is a legacy system and is scheduled to have its functions consolidated by the Standard Procurement System.

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## Personnel

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**Description**      The Personnel function processes time and attendance information and collects and maintains payroll and benefit information about employees' benefits, retirement contributions, and pension plan information. The time and attendance systems also track the labor hours by project for working capital fund organizations. Labor hours apply to direct, indirect or general, and administrative cost codes used to develop rates for billing customers. Personnel events that occur must be translated into financial events necessary to perform the payroll function. Payroll and cost accounting cannot be accurately performed without the necessary feeder system data from personnel organizations.

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**Critical Personnel Feeder Systems**      The following 10 systems are the Department's critical personnel feeder systems:

- Defense Civilian Personnel Data System (DCPDS)
- Depot Maintenance Workload Planning & Control System (MWPCS)
- Electronic Timekeeping System (ETS)
- JUMPS Standard Terminal Input System (JUSTIS)
- Maintenance Labor Distribution & Cost System (MLDCS)
- Personnel Data System (PDS)
- Standard Installation and Division Personnel System (SIDPERS)
- Standard Labor Data Collection and Distribution Application (SLDCADA)
- Time and Attendance Reporting System (TASYS)
- Automated Time, Attendance, and Production System (ATAAPS)

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**Compliance Status**      Of the 10 critical systems that perform the personnel function:

- two systems have been determined to be compliant
- one system has been determined to be non-compliant
- four system's compliance status has not been determined (the projected date for determining their compliance status is 03/00)
- three systems have been classified as legacy systems and will not undergo a compliance assessment

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The Army has 3 of the 10 systems:

- one system (JUSTIS) is compliant
- one system's (SIDPERS) compliance status has not been determined
- one system (ETS) is a legacy system and is scheduled to have its functions consolidated by the ATAAPS

The Navy has 1 of the 10 systems. This system (SLDCADA) was determined to be compliant.

The Air Force has 4 of the 10 systems:

- one system (MLDCS) was determined to be non-compliant
- one system's (MWPCS) compliance status has not been determined
- two of the systems (PDS and TASYs) are legacy systems:
  - one system (PDS) is scheduled to have its functions consolidated by the DCPS and the Military Modification (MILMOD)
  - one system (TASYs) is scheduled to have its functions consolidated by a system that has not been identified

The Department of Human Resources Activity has 1 of the 10 systems. The compliance status of this system (DCPDS) has not been determined.

The Defense Finance and Accounting Service has 1 of the 10 systems. The compliance status of this system (ATAAPS) has not been determined.

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## Cost Management

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**Description**      The cost management function manages cost based on relevant, internal cost measurements that provide information for operational managers and decision-makers to continuously improve operations and gain efficiencies. The cost management function creates information necessary to track the effects of financial events on the cost of performing a certain program or service and to report the full cost of programs and activities. Cost functions are required for operating within the working capital funds environment for unit cost and fee for service support. In these cases, cost is integrated with the accounting system to provide the required management information and unit cost reports. General fund operations also utilize cost information for management purposes to determine how efficiently and effectively programs are being administered. This information must be translated into financial information necessary to perform multiple transaction processing functions.

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**Critical Cost Management Feeder Systems**      The following 11 systems are the Department's critical cost management feeder systems:

- Air Force Restoration Information Management System (AFRIMS)
- Airlift Services Industrial Funds Integrated Computer System (ASIFICS)
- AMARC Management Information System (AMARC-MIS)
- Contract Depot Maintenance Production & Cost System (CDMPC)
- Depot Maintenance Budget Management Cost System (MBMCS)
- Foreign Military Sales Credit System (FMSCS)
- Job Order Cost Accounting System II (JOCAS II)
- Normalization of Data System (NORM)
- On-line Vehicle Interactive Management System (OLVIMS)
- Project Order Control System (POCS)
- Standard Automated Voucher Examination System (SAVES)

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**Compliance Status**      Of the 11 critical cost management systems:

- two systems have been determined to be compliant
- four system have been determined to be non-compliant

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- three systems' compliance status has not been determined (the projected date for determining their compliance status is 03/00)
- two systems have been classified as legacy systems and will not undergo a compliance assessment

The Navy has 1 of the 11 systems, (NORM) which is compliant.

The Air Force has 8 of the 11 systems:

- one system (JOCAS II) has been determined to be compliant
- four systems (ASIFICS, CDMPC, POCS, and OLVIMS) have been determined to be non-compliant
- three system's (AFRIMS, AMARC-MIS, and MBMCS) compliance status has not been determined

The Defense Commissary Agency has 1 of the 11 systems. This system (SAVES) is a legacy system and is scheduled to have its functions consolidated by the DPPS.

The Defense Security Cooperation Agency has 1 of the 11 systems. This system (FMSCS) is a legacy system and is scheduled to have its functions consolidated by the Defense Security Management System (DSAMS).

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## Property Management

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**Description**      The property management function relates to the status of real and personal property, equipment, and facilities (e.g. investment, land, automated data processing equipment, and government-furnished equipment and material). As property is managed (i.e., purchased, maintained, destroyed or transported), events occur that must be translated into financial events necessary to perform property accounting. Property accounting cannot be accurately performed without the necessary feeder system data from property management.

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**Critical Property Management Feeder Systems**      The following 28 systems are the Department's critical property management feeder systems:

- Aircraft Engine Management System (AEMS)
- Aircraft Inventory Readiness and Reporting System (AIRRS)
- Air Force Equipment Management System (AFEMS)
- Army Medical Department Property Accounting System (AMEDDPAS)
- Asset Tracking Logistics and Supply System (ATLASS I)
- Combat Ammunition System-ACP (CAS-A)
- Comprehensive Engine Management System (CEMS)
- Conventional Ammunition Integrated Management System (CAIMS)
- Craft and Boats Support System (CBSS)
- Defense Property Accountability System (DPAS)
- Defense Medical Logistics Standard System (DMLSS)
- Equipment Reporting Registration and Tracking System (ERRTS)
- Integrated Facilities System – Micro/Mini (IFS-M)
- Logistics Management System (LMS)
- Marine Ammunition Accounting and Reporting System II (MAARS II)
- Marine Corps Artifact Management System (MCAMS)
- Metrology Automated System for Uniform Recall and Reporting (MEASURE)
- SWFLANT Missile History and Status Report System (MHSRS-LANT)
- SWFPAC Missile History and Status Report System (MHSRS-PAC)
- Navy Facility Asset Database (NFADB)
- Naval Vessel Register (NVR)
- Real Estate Management Information System (REMIS)
- Reliability and Maintainability Information System (REMIS)

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- Requirements Databank (Special Tools and Test Equipment Process) (STE)
  - Support Equipment Resolve Management Information System (SERMIS)
  - Supported Activities Supply System (SASSY)
  - Standard Property Book System – Redesign (SPBS-R)
  - Work Information Management System (WIMS)
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**Compliance  
Status**

Of the 28 critical Property Management systems:

- ten systems have been determined to be complaint
- one system has been determined to be partially compliant
- three systems have been determined as non-compliant
- four systems compliance status has not been determined (the projected date for determining their compliance is 03/00)
- 10 systems have been classified as legacy systems and will not undergo a compliance evaluation

The Army has 4 of the 28 systems:

- one system (REMIS) is compliant
- one system (IFS-M) status has not been determined
- two systems (AMEDDPAS and SPBS-R) are legacy systems:
  - one system (AMEDDPAS) is scheduled to have its functions consolidated by the DMLSS
  - one system (SPBS-R) is scheduled to have its functions consolidated by the GCSS-A

The Navy has 16 of the 30 systems:

- eight systems (AEMS, AIRRS, CBSS, MEASURE, NVR, MHSRS-LANT, MHSRS-PAC, SERMIS) are compliant
- one system (CAIMS) is partially compliant
- one system (NFADB) is non-compliant
- one system's (MCAMS) compliance status has not been determined
- five systems (ATLASS I, ERRTS, MAARS II, LMS, and SASSY) are legacy systems:
  - two systems (ATLASS I and SASSY) are scheduled to have their functions consolidated by the Asset Tracking Logistics and Supply System II (ATLASS II)
  - one system (MAARS II) is scheduled to have its functions consolidated by the JAMSS

- one system (ERRTS) is scheduled to have its functions consolidated by the DPAS
- one system (LMS) is scheduled to have its functions consolidated by a system which has not been identified

The Air Force has 6 of the 30 systems:

- two systems (AFEMS and STE) have been determined non-compliant
- four systems (CAS-A, CEMS, REMIS, and WIMS) are legacy systems:
  - one system (CAS-A) is scheduled to have its functions consolidated by the Joint Ammunition Standard System (JAMSS)
  - two systems (CEMS and REMIS) are scheduled to have their functions consolidated by the Integrated Maintenance Data System (IMDS)
  - one system (WIMS) is scheduled to have its functions consolidated by the Automated Civil Engineering System (ACES)

The Defense Logistics Agency has 1 of the 30 systems. This system (DPAS) was determined to be compliant.

The Office of the Assistant Secretary of Defense Health Affairs has 1 of the 30 systems. This system's (DMLSS) compliance status has not been determined.

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## Inventory Management

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<b>Functional Description</b>	The inventory management function tracks supplies and their location. As inventory is managed (i.e., received, warehoused, and distributed), events occur that must be translated into financial events necessary to perform inventory accounting. Inventory accounting cannot be accurately performed without the necessary feeder system data from inventory management.
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<b>Critical Inventory Management Feeder Systems</b>	<p>The following 17 systems are the Department's critical inventory management feeder systems:</p> <ul style="list-style-type: none"> <li>• AMARC Asset Control System (AMARC-ACS)</li> <li>• Accounting and Inventory Management System (AIMS)</li> <li>• Fuels Automated Management System (FAMS)</li> <li>• Industrial Logistics Support Management Information System (ILSMIS)</li> <li>• Information Processing Management System (IPMS)</li> <li>• Item Manager's Wholesale Requisition System (IMWRP)</li> <li>• Job Order Production Master System (JOPMS)</li> <li>• Recoverable Assembly Management Procurement (RAMP)</li> <li>• Shipboard Uniform Automated Data Processing System (SUADPS)</li> <li>• Special Support Stock Control Distribution System (SSSCD)</li> <li>• Standard Army Retail Supply System - Objective (SARSS-O)</li> <li>• Stock Number User Directory (SNUD)</li> <li>• Theater Army Medical Management Information System (TAMMIS)</li> <li>• Uniform Automated Data Processing System – Inventory Control Point BO4 (UADPS-ICP BO4)</li> <li>• Uniform Automated Data Processing System Application B,C,H,I (UADPS-SP)</li> <li>• Wholesale/Retail Receiving/ Shipping System (WRRS)</li> <li>• Worldwide Ammunition Reporting System (WARS)</li> </ul>
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Of the 17 critical inventory management feeder systems:

- one system has been determined to be compliant
  - two systems have been determined to be partially compliant
  - three system's compliance status has not been determined (the projected date for determining their compliance is 03/00)
  - 11 systems have been classified as legacy systems and will not undergo a compliance assessment
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The Army has 3 of the 17 systems all of which are legacy systems. The WARS is scheduled to have its functions consolidated by the Worldwide Ammunition Reporting System-New Technology (WARS-NT), the SARSS-O is scheduled to have its functions consolidated by the GCSS-A, and the TAMMIS is scheduled to have its functions consolidated by the DMLSS.

The Navy has 4 of the 17 systems:

- one system (ILSMIS) has been determined to be compliant
- two systems (UAPDS SP, and UADPS-ICP B04) have been determined to be partially compliant
- one system (SUAPDS) is a legacy system and is scheduled to have its functions consolidated by the R-Supply

The Air Force has 9 of the 17 systems:

- two system's (JOPMS and SNUD) compliance status has not been determined
- seven systems (AMARC-ACS, FAMS, IPMS, IMWRP, RAMP, SSSCD, and WRRS) are legacy systems:
  - five systems (IPMS, IMWRP, RAMP, SSSCD, and WRRS) are scheduled to have their functions consolidated by the Integrated Logistics System-Supply (ILS-S)
  - one system (FAMS) is scheduled to have its functions consolidated by the FAS
  - one system (AMARC-ACS) is scheduled to have its functions consolidated by the AMARC-MIS

The Defense Commissary Agency has 1 of the 17 systems. The compliance status of this system (AIMS) has not been determined.

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## Policy & Oversight Initiatives

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<b>Description</b>	<p>Policy and Oversight encompasses the financial management policy and oversight roles and relationships of the organizations within the financial management community. The primary functions within the policy and oversight requirement include:</p> <ul style="list-style-type: none"> <li>• financial management policy development</li> <li>• oversight, compliance definition, improvements, and reporting</li> <li>• promulgation and implementation of managerial internal controls</li> </ul>
<b>Policy and Oversight Initiatives</b>	<p>There are currently nine Policy and Oversight initiatives the Department is pursuing to improve its financial management operations:</p> <ul style="list-style-type: none"> <li>• <b>Army General and Mission Equipment Working Group-CFO Compliance</b> This initiative is a joint working group that includes key Army and Defense Finance and Accounting Service representation to help ensure successful and accurate reporting of general and mission equipment in the Army. The Army General and Mission Equipment Working Group-CFO Compliance initiative will produce results in determining key elements, possible approaches, and solutions for meeting existing and future reporting requirements for Army equipment.</li> <li>• <b>Joint Reconciliation Program</b> The Army's Joint Reconciliation Program initiative is about effective budget execution. The Joint Reconciliation Program involves a three phased approach with current obligations reviewed in each phase. The joint reviews combine the skills and expertise of managerial accountants, budget analysts, and program directors. Contracting, logistics, legal, internal review and DFAS personnel may be utilized to assist in the joint review process.</li> <li>• <b>Real Property Integrated Process Team-CFO Compliance (RP-IPT)</b> This initiative is a joint working group that includes key Army and the DFAS representation to assist in ensuring the successful and accurate reporting of land, building, and structures. The RP-IPT determines approaches and solutions for meeting existing and future reporting requirements for the Army's real property. The RP-IPT working group is currently in the process of</li> </ul>

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determining and implementing changes needed to existing systems to meet real property reporting requirements.

- **Statement of Budgetary Resources**

This initiative is to improve the existence and accuracy of Air Force obligation records. The DFAS-Denver is working with the Air Force Audit Agency to trace transactions from the financial statements to their source with the ultimate goal of obtaining an unqualified opinion on the FY 99 audit of the Air Force Statement of Budgetary Resources.
- **Critical Feeder Systems Review**

This initiative is to ensure that all Air Force feeder systems CFO Act compliant. To do so, the Air Force has implemented a three-step approach to first identify, review, and fix all of the Air Force critical feeder systems. Once completed, Air Force systems will be CFO compliant and will provide improved financial management information.
- **Implementation Strategies**

In support of the Department of Defense's implementation strategies to improve valuation of real and personal property, accurate reporting of property in the hands of contractors, and full assessment of deferred maintenance strategies, the Air Force is using IPT. The IPT, consisting of 12 teams, is cosponsored by the SAF/FM and the AF/IL and has representatives from logistics, communications, acquisition, and others. Initially the IPT's focus was strictly on fixing the logistics systems and logistics data. The focus has now been expanded to cover as many Air Force inputs to the financial statements as possible.
- **Improve Compliance**

The Air Force has initiated controls designed to ensure full compliance with financial laws and regulations. They established a Web-based checklist of internal controls to assist field personnel, and plans to make compliance with internal controls part of base-level inspections. The Air Force also has established AFAFO. The AFAFO is a 10-person organization located at DFAS-Denver and designed to be a liaison between the DFAS and Air Force financial services offices. A key task for the new AFAFO involves improving internal controls.
- **Improve Cost Accounting**

The Air Force developed the Air Force Total Cost of Ownership information system to provide better and more timely costs of supporting weapons systems to commanders. The Air Force also supports Activity-Based Costing/Management as an important

analytical technique for relating costs to specific activities. The Air Force continues to develop Activity-Based Costing/Management as an integral part of its decision-making process.

- **Road Map to Auditability**  
This initiative pulls together a myriad of ongoing actions and unmet requirements to produce auditable financial statements. When complete, this road map will identify all the critical areas that must be addressed and provide a plan for the Air Force to achieve its objective of producing auditable financial statements.
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## Infrastructure Initiatives

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**Description** The Department's financial management operational infrastructure consists of the organizations, personnel, and internal control mechanisms required to manage and account for the Department's resources. Infrastructure includes initiatives that are improving the Department's information system environment.

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**Infrastructure Initiatives** The Infrastructure section currently consists of 10 initiatives designed to improve the environment that supports its financial management operations:

- **Assessment of National Defense PP&E**  
This initiative pulls together a myriad of ongoing actions and unmet requirements to produce auditable financial statements. When complete, this road map will identify all the critical areas that must be addressed and provide a plan for the Air Force to achieve its objective of producing auditable financial statements.
- **Assessment of Inventory Management Systems**  
This initiative will examine the existing inventory management systems of the NWCF Supply Management business group to define approaches and solutions to meet Federal requirements for financial management systems. The initiative will also consider opportunities for standardization and consolidation of like functions.
- **Assessment of Operating Material and Supplies Management Systems**  
This initiative is a breakout from the Assessment of Inventory Management and Systems initiative and is a parallel initiative for a different category of assets. This initiative will examine the existing inventory management systems of the NWCF (non-supply) business groups and General Funds to define approaches and solutions to meet Federal requirements for financial management systems. The initiative will also consider opportunities for standardization and consolidation of like functions.
- **Assessment of Time and Attendance Source Data Automation System**  
This initiative will evaluate time and attendance systems, used throughout the Navy to determine the practicality of continuing, consolidating, or eliminating each system based upon the number of accounts, system processing capabilities, and business processes.

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- **Business Process Assessment of Naval Aviation Depot Working Capital Funds**

This initiative provides an overall assessment of the Naval Aviation Depot Working Capital Funds financial statements and focuses on the examination of all aspects of the business process to develop financial statements. The business study will include the preparation of disaggregated financial statements as well as internal control structures. The assessment will evaluate the effectiveness of various organizational units in preparation of the annual financial statements within the Working Capital Funds area.

- **Navy Civilian Financial Management Career Improvement Program**

This initiative provides strategies and goals to the Navy comptrollers for development, on a continuous basis of the financial management workforce. It focuses on improving personnel infrastructure.

- **Enhancement of Organization Internal Control Structures for Financial Statement Audits**

This initiative provides an assessment of the existing internal control structure of various Navy commands and activities. The objective of the assessment is to clearly define areas in need of enhancement at these organizations to ensure a greater likelihood of obtaining an unqualified opinion on the Department's annual financial statements. The results will include a comprehensive checklist and an internal control handbook.

- **General Property, PP&E Accountability Project**

This initiative will consolidate for accountability and financial accounting and reporting purposes, the General PP&E personal property used or maintained by the Navy and the Marine Corps Non-Working Capital Fund Activities. This initiative will implement the DPAS.

- **Installation Management Accounting Project (IMAP)**

This initiative provides management accounting information for shore installation management use by capturing and reporting base operating support costs in a standardized fashion with the boundaries for the Navy's financial accounting system, Standard Accounting and Reporting System-Field Level.

- **Improve Professional Qualifications**

The Air Force has initiated an effort to raise and improve the professional qualifications of financial management personnel. The project will set guidelines for professional development of personnel serving in designated positions, and will encourage them and help them

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meet these guidelines. As part of this project, the Air Force is supporting the American Society of Military Comptrollers in its efforts to develop a test-based certification program focused on defense financial matters.

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## Summary

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### **Finance and Accounting Systems**

The Department's integrated financial management system target architecture is composed of four interrelated parts. The first interrelated part is comprised of the Department's finance and accounting systems. This Transition Plan describes the Department's planned future state of 37 finance and accounting systems. Out of the Department's finance and accounting systems:

- 17 systems have been evaluated to determine whether they are compliant with Federal financial requirements:
    - seven are compliant
    - nine are partially compliant
    - one is non-compliant
  - nine systems are under development to meet compliance requirements
  - nine systems have to be evaluated to determine their compliance status
  - two migratory systems still need to be selected
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### **Critical Feeder Systems**

The second interrelated part of the Department's integrated financial management system is critical feeder systems. The current Transition Plan lists 78 critical feeder systems. Out of the Department's 78 critical feeder systems:

- 27 systems have been evaluated to determine whether they are compliant with Federal financial requirements:
    - 16 are compliant
    - three are partially compliant
    - eight are non-compliant
  - 16 systems need to be evaluated to determine their compliance status
  - 35 systems will not be evaluated because they are legacy systems scheduled to be replaced with substantially compliant systems
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**Compliance  
Evaluations**

The projected date for completing the compliance evaluations of the Department's finance and accounting and critical feeder systems, excluding legacy systems that will be replaced and systems still underdevelopment, is March 31, 2000. Plans will then be developed and actions taken to correct identified deficiencies and to ensure the systems are substantially compliant with system-specific compliance requirements including applicable internal controls.

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**Policy and  
Oversight and  
Infrastructure**

The third and fourth interrelated parts of the Department's integrated financial management system target architecture are policy and oversight and infrastructure. The Department has initiated nine initiatives to address and correct policy and oversight issues that will improve the Department's financial management operations in the future. In addition, the Department has initiated 10 infrastructure initiatives directed at improving the technical and operational infrastructure that supports the integrated financial management system that the Department is moving toward to manage its future financial management operations.

The details on system consolidation initiatives, system compliance efforts, oversight and policy initiatives, and infrastructure initiatives discussed in the Transition Plan section are contained in Volume II of this plan.

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